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U.S. Congress. Senate.

Second deficiency appropriation bill, 1921

Washington

1921

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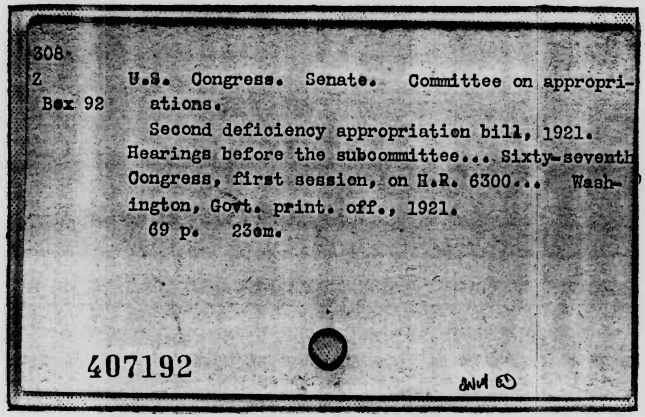
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SECOND DEFICIENCY APPROPRIATION BILL, 1921

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HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS

FIRST SESSION

ON

H. R. 6300

A BILL MAKING APPROPRIATIONS TO SUPPLY DEFICIENCIES IN APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 1921, AND PRIOR FISCAL YEARS, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations

WASHINGTON
GOVERNMENT PRINTING OFFICE
1921

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS.

FRANCIS E. WARREN, Wyoming, *Chairman.*

CHARLES CURTIS, Kansas.
WESLEY L. JONES, Washington.
TRUMAN H. NEWBERRY, Michigan.
LAWRENCE C. PHIPPS, Colorado.
CARTER GLASS, Virginia.
CHARLES A. CULBERSON, Texas.
WILLIAM J. HARRIS, Georgia.

KENNEDY F. REA, *Clerk.*

MAR 28 1922

SECOND DEFICIENCY APPROPRIATION BILL, 1921.

FRIDAY, MAY 27, 1921.

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The committee met in the committee room in the Capitol at 2.30 o'clock p. m., Hon. Francis E. Warren (chairman) presiding.

Present: Senators Warren (chairman), Jones, Curtis, Phipps, Newberry, Harris, and Glass.

DEPARTMENT OF COMMERCE.

STATEMENT OF HON. HERBERT M. HOOVER, SECRETARY OF COMMERCE.

The CHAIRMAN. Mr. Secretary, we should like to hear from you on any matter that you care to bring before the committee. We have just received the bill from the House, and it has not yet been taken up in detail.

We have here a letter from the secretary, which places your wants before the House committee.

Secretary HOOVER. What point shall I enter upon? Do you wish some discussion of the appropriation as it stands?

The CHAIRMAN. Start with page 8 of the pamphlet. That which has been left in has been marked in blue and that which has been left out is marked in red. I think perhaps we should ask you whether or not these that are left out are absolutely indispensable and necessary for us to put in.

BUREAU OF LIGHTHOUSES.

Secretary HOOVER. In connection with the Bureau of Lighthouses, that proposal was in fact to increase the salaries of some of the minor officials.

The CHAIRMAN. Now, I think you need not spend much time with that because we are considering a reclassification of those matters, unless there is something specific that you want to say about it.

Secretary HOOVER. My impression was that the reclassification bill would probably take care of that difficulty.

STEAMBOAT-INSPECTION SERVICE.

In the Steamboat-Inspection Service the difficulty arises in the contingent expenses which were cut down in the original appropriation with respect to the fiscal year 1922 from $200,000 to $160,000,

and the reasons why some portion of that original reduction in last year's appropriation should be restored largely revolve around rent and other increases that are now inevitable.

The CHAIRMAN. The House put in the estimate?

Secretary HOOVER. The House put in the estimate, put in $5,000 in respect to the balance of this fiscal year and provided that it could be expended during the fiscal year 1922. But I have the impression that it will not be sufficient. Gen. Uhler is here and can give some specific cases of difficulties that we are confronted with in the matter of increased expenditure.

The CHAIRMAN. It will be for one month of this year?

Secretary HOOVER. For one month.

The CHAIRMAN. And then the other bill becomes applicable, the regular annual appropriation?

Secretary HOOVER. The regular annual appropriation is $160,000 as against $200,000 originally asked, and when we appeared before the House committee the other day we asked that some $20,000 of that be restored by some supplementary appropriation.

The CHAIRMAN. I understand this $160,000 is for the current year. What is there for the coming year that becomes available?

Secretary HOOVER. Just the same. We asked for $200,000, Mr. Chairman, for 1922, and after the determination of $160,000 instead of $200,000 we find that our expenses are increasing enormously. Notice was not given us of the increase of these rents until after the appropriation had been determined, and we find that in 1922 the possibility is that we will be probably $20,000 or $25,000 shy of our necessities, and that is the reason why we asked for the supplementary appropriation of $25,000 to the appropriation for 1922.

Senator CURTIS. That is for rents in the District?

Secretary HOOVER. No, sir; not only for rent, but the rent is the most important and most alarming item of increase.

Senator CURTIS. It is not customary, as you know, to make deficiency appropriations before you begin to use the original appropriation.

Gen. UHLER. This $5,000, Mr. Chairman, is what we believe will be the deficiency; that is, the real deficiency for this year. That is a matter that we can not actually estimate because of conditions changing from year to year, but we believe the $5,000 deficiency will be sufficient for 1921. Now, the other $25,000 is not a deficiency but a supplementary appropriation already determined for 1922. We estimated for $200,000, and we got of that $160,000.

The CHAIRMAN. Now, perhaps I ought to say, Mr. Secretary, that this is a very unusual bill. The laws and our practices as to deficiencies are very severe on the Secretaries of the departments. They can make deficiencies when it becomes necessary and the House has tried to relieve the situation to some extent; but in doing so they meet with constant fear of points of order, which are well taken and they go out. And now they still rule that every item that we may put on, if it is against the rule, has to go before the House and goes out before it can go to conference, and it places us in a rather peculiar situation. So that I would rather imagine that the best we can do in 1922 matters will be to take what they have fought through the House, and confine ourselves to these actual deficiencies

in the case of an emergency that requires some new line which we can get in a resolution or a bill of that character better than we can get it in here.

Secretary HOOVER. As I explained to the House committee, I do not like to take a new office and run it into actual deficiencies without notice. I thought it proper to take it up with the committee. I do not wish to insist on it here, but if the committee knows we are confroned with this difficulty I have no doubt that we will find a solution of it.

The CHAIRMAN. We understand what the situation is.

In the last item on page 9 they have given $20,000 in place of $26.100. Will that take care of that?

Secretary HOOVER. That will be all right there.

MEDALS OF MERIT TO THE MERCHANT MARINE.

There is one other item under the Bureau of Navigation, $13,000, in connection with some medals. That matter has been before the Appropriations Committee for about two years.

The CHAIRMAN. I see it went out here.

Secretary HOOVER. It has gone out. Legislation has been passed, and the men from the war who desire these medals are anxious that they should be awarded, and we are unable to do anything until some appropriation has been made. It is purely a matter for the committee to determine whether we shall carry out the legislation.

Senator JONES. Mr. Secretary, have any applications come in, and to what extent?

Mr. CHAMBERLAIN. None have come in. There have been several letters, but they could hardly be called applications, because you see somebody must determine whether they are entitled to them under the language of the act, which provides that these medals shall be awarded for extraordinary heroism, and distinguished service.

Senator JONES. That would be determined when the application comes in.

Mr. CHAMBERLAIN. No; I take it by the rules of those who make the awards.

Senator JONES. They would not determine that en bloc?

Mr. CHAMBERLAIN. No, of course not.

Senator JONES. You would either have to have the applications come in or go out and get them. I take it you would have to have the applications come in for the medals, and then pass upon them. I want to get at how many applications come in. The act has been passed for two or three months.

Mr. CHAMBERLAIN. We have had addressed to us only three or four letters, but I have told the steamship owners' associations that are interested in the matter, have asked them to make an estimate which they will have to make from their own records, from their log books.

Senator JONES. You had better let the applications come in, had you not?

The CHAIRMAN. The applications I suppose have to go before a committee?

Mr. CHAMBERLAIN. They would have to go before a board.

The CHAIRMAN. Before a committee of the department as to each one.

Senator JONES. The applications will come to the department, I take it, and they will adopt whatever rules they deem wise to determine whether the application should be granted or not. Then when the application is granted, then the time for the appropriation would be necessary. What I had in mind was that we could tell better at the end of the year how many applications and how many awards there would be than now.

The CHAIRMAN. That is not the way medals are usually distributed. It is not the man himself applying; it is his commanding officers who are interested.

Senator JONES. Then let the commanding officers tell. We can tell probably at the end of the year about how many there would be to fill, and tell better what amount of money it would require. It is simply a case to me of how much money would be required.

Secretary HOOVER. Part of this appropriation was for the purpose of setting up some machinery to decide who should have the medals. We have no machinery at all now.

Senator CURTIS. None whatever?

Ssecretary HOOVER. No.

Senator JONES. Then I think it would probably be well to provide for the machinery.

The CHAIRMAN. We would have to appropriate this much or pass it entirely?

Secretary HOOVER. We are only anxious to do what could be done. We could send to the Steamship Owners' Association and various unions of marines and sailors and others and ask them to send in their views and recommendations, but we would have to have some sort of a board to determine who would be entitled to the medal.

Senator CURTIS. You would probably have to follow the same course that they do in the War Department.

Senator GLASS. That is done by citation, is it not? A man does not have to assert himself that he has been guilty of extraordinary heroism.

Senator CURTIS. He sets out the facts in his application, and then the board examines and verifies it.

Senator JONES. These are medals not in the military or naval service but in the merchant marine, and I take it in a great many cases the application would have to be made, if made at all, by the applicant himself. Captains change on the ships, and they probably would not pay very much attention to such a matter.

The CHAIRMAN. I do not envy the committee that has to undertake that.

Mr. CHAMBERLAIN. We have asked the Steamship Owners' Association, which, of course, embraces practically all of them, and their estimate was about 500 medals.

Senator GLASS. He would have to prove to me if he made application.

Senator NEWBERRY. When I was connected with the Life-Saving Service, we gave medals through the Treasury Department.

Mr. CHAMBERLAIN. They have a separate appropriation.

BUREAU OF FISHERIES—INDUSTRIAL ASSISTANT.

The CHAIRMAN. The next is the Bureau of Fisheries. Is that indispensable?

Secretary HOOVER. The only change there is in connecteion with the industrial assistant, and some expenses for advisory committee. I do not know whether that is subject to a point of order. I was very anxious to secure that appropriation, but if it will jeopardize the appropriation at all I do not think it worth insisting on.

I should like to say just a few words about what we are trying to accomplish, so that you may weigh the matter.

Senator JONES. Which item is it that you are referring to, Mr. Secretary?

The CHAIRMAN. The item on page 10, the second item.

Senator JONES. One scientific assistant?

EXPENSES OF ADVISORY COMMITTEE.

Secretary HOOVER. One scientific assistant and for expenses of the advisory committee. The House committee has this estimate of $5,000. It is not $10,000 as appears in the original statement.

The point about it is that we are losing ground in a good many fisheries because of the inability to secure cooperation between the States. There is a good deal of friction in State legislation as to certain fisheries—for instance, the shad fishery here on the Potomac. The result is that the fisheries are steadily going down. They are not under the control of the Federal Government, but we have the feeling that if we could inaugurate a series of meetings of representatives of the fishing industries here and get them somewhat possessed of the necessity of cooperative action, with meetings of the State fish officials, we could try to devise some community spirit in regard to these things, and we might get solutions that would be of very great importance. It is rather difficult to ask people of that kind to come to Washington and sit in with us unless we can pay the traveling expenses, and it would be necessary to have some man who is familiar with the problem to manage such a campaign. It is of some importance as bearing on the problems of migratory fish, and also on the question of pollution. Pollution takes place on waters which are not under Federal control, and unless we can get their cooperative action, we can get very little remedy for it.

The CHAIRMAN. That embraces both of these items, $4,000 and $10,000?

Secretary HOOVER. Yes.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

The CHAIRMAN. We will consider that.

The next two items seem to have been put in for the amounts asked for by the House. They are on page 11.

Secretary HOOVER. There was a change made in connection with the salaries. It is the same salary that was proposed for the Bureau of Foreign and Domestic Commerce, part of which is in the Senate bill, although in this we have proposed a small raise in salary of the

assistant director, which has been cut out. I do not know that it is vital. We can get along.

The CHAIRMAN. They seem to have left in, in that case, the major portion of the request.

PROMOTING COMMERCE—ASSIGNMENT OF TRADE COMMISSIONERS TO WASHINGTON.

Senator JONES. Let me ask you this—I have not had time to look it over—if they put it in, those four trade commissioners might be recalled or only two?

The CHAIRMAN. They were put back in.

Secretary HOOVER. I think they must have made a mistake perhaps by omission. We had a provision that we could bring home two of the commercial attachés as well as three commissioners, but they left out the commercial attachés.

Senator CURTIS. You think that is important?

Secretary HOOVER. The object is, Senator, to bring these men home and in a way get them educated as to our present necessities, and sometimes to Americanize them a little. When you have left an agent of this kind for many years in a foreign country he begins to take on somewhat the color of that country, very often, and we were in hopes of being able to bring two of them home at a time.

The CHAIRMAN. The State Department has found that very advantageous, I think.

Senator CURTIS. It does not involve any extra appropriation?

Secretary HOOVER. It involves a slight change in the appropriation so that we can pay their salaries if they happen to be in the District of Columbia. That is all.

Senator JONES. Let me ask if, under this provision in the House bill, you can recall these four trade commissioners and pay them the same salary here that they are getting abroad?

Secretary HOOVER. That is my understanding.

Senator JONES. There is no statement of that kind in there, "That not more than four trade commissioners may be recalled from their foreign posts and assigned to duty in the Department of Commerce for periods not exceeding two years each." Would they draw the same salary here that they would abroad?

Senator CURTIS. Yes.

The CHAIRMAN. They would have new duties here instead of there, that is all.

Secretary HOOVER. We had a provision in that just after this section referring to the trade commissioners, "That not more than $25,000 of the sum appropriated for 'Promoting commerce, Department of Commerce, fiscal year 1922,' may be used for personal services in Washington, D. C."

Those special appropriations provided for the District of Columbia staff.

Senator NEWBERRY. That went out on a point of order.

Senator JONES. It was reported favorably by the House Committee, but went out on a point of order. Would you like to have that restored?

ASSIGNMENT OF COMMERCIAL ATTACHÉS TO WASHINGTON.

Secretary HOOVER. We would like to.

The point about the two commercial attachés we would like to have restored.

The bureau here is suggesting a change in the wording that would raise the point we have just mentioned. I do not know if it is a matter that you would like to entertain or not.

Senator CURTIS. Submit it for the record.

Senator NEWBERRY. It was added in line 5, page 45, after "Department of Commerce." That would give them the privilege of bringing additional attachés back, but would not give them any clerical hire.

Secretary HOOVER. That would be a matter of minor difficulty. It is of some difficulty. They would not be able to engage a janitor at the present moment.

The CHAIRMAN. They put back the main portion. I want to congratulate you on what you got as compared with what others get.

EXPORT INDUSTRIES.

Secretary HOOVER. Senator, we did not exaggerate our needs.

The bureau tells me that on page 43, line 23, of the House bill, they wish to strike out the words "as well as" and insert the word "and," so that it will read, "To enable the Bureau of Foreign and Domestic Commerce to investigate and report on domestic and foreign problems relating to production, distribution," and so forth.

Then on page 44, line 2, "including personal services in the District of Columbia and elsewhere," insert the words "including Latin America and the Far East."

Senator CURTIS. Line 22, page 45, Senate print.

Secretary HOOVER. This part of the wording is quite correct except as it came from the House it omitted one phrase. This is correct and it can stand in this form.

The CHAIRMAN. Up in the third line in that side print, probably.

Secretary HOOVER. Yes, I think you are right.

The CHAIRMAN (reading):

"To enable the Bureau of Foreign and Domestic Commerce to investigate and report on domestic as well as foreign problems," you want that to read "and report on domestic and foreign problems?"

Secretary HOOVER. Yes, sir.

Senator CURTIS. Is there any other change in that?

Secretary HOOVER. Then in the side clause here, after the word "elsewhere" on the next to the last line from the bottom, add "including Latin America and the Far East."

The CHAIRMAN. After the word "elsewhere"?

Senator CURTIS. Strike out the word "elsewhere"?

Secretary HOOVER. No; the word "elsewhere" is necessary.

The CHAIRMAN. "Including personal services in the District of Columbia and elsewhere, including Latin America and the Far East."

Secretary HOOVER. That is necessary to make it applicable to special appropriations.

BUREAU OF STANDARDS.

The CHAIRMAN. I want to ask you, Mr. Secretary, on page 46, under the Bureau of Standards, in those items, $250,000 of the appropriation of $1,000,000 for the Bureau of Census is transferred to the Bureau of Standards, and among other items are $50,000 and $100,000. They relate to what we did not put in on the regular appropriations, and it is picked up in the House and on the Senate floor, as it is liable to be, and then at a regular meeting and regular session of the Senate if we state for what purpose a certain appropriation shall be made, and we leave a remnant, and that same estimate comes back as a deficiency, of course we do not pay any attention to it. I am assuming that there is some new move, some new impetus in this that requires us to put into an appropriation something that we failed to put in in the regular bill. It is not the only thing in this bill, but it is the most flagrant of them all. It is just the same amount that was cut off from the estimate.

Secretary HOOVER. Well, it has become perhaps more acute.

The CHAIRMAN. I want some argument on this if I have got to defend it. I want to know just what the necessity seems to be.

Secretary HOOVER. The necessity becomes more acute by a resurvey of the industrial situation that we have to deal with. With a very great drop in our exports, the situation that is developing in Europe, and secondly the competition that we must meet if we are to hold our own in foreign trade and protect ourselves from the flood of cheaper manufactured goods from abroad, all comes to the question as to whether we can improve the efficiency of our own industry.

The CHAIRMAN. Now Mr. Secretary, you are proceeding along the line that we want, because it is, I might say, an outrageous thing for us to undertake to do to have each department and each bureau in the department say, "We run the Congress and we state what the appropriation shall be, and when they do not give us enough on one bill we take it up under another." I am willing to agree that the condition of the trade of the country is such that we may have to go to extremes, and take unusual measures, and it is just exactly that line of talk that we want to get from you.

Secretary HOOVER. I feel that this is indeed too small an appropriation to undertake a very great labor in perhaps a larger aspect than perhaps it has been considered before. Our national efficiency in industry and commerce, in its individual sense, is probably the highest in the world, but we are lacking in what we might term its collective sense; that our industries are wasteful in the extreme individuality in their products. We enter on a large range of that in the matter of standardization, for instance. One very ample example is automobile tires, where the trades are manufacturing 216 different dimensions of pneumatic tires. Those dimensions according to trade committees themselves can be reduced to 10 different dimensions. The trades are anxious to do it. They need some cooperation and leadership from the Government, not in compulsion, but to bring the trades together under an ample arrangement between manufacturers of different branches to agree upon some basis of that kind. Such a successful development would reduce the entire cost of manufacture and marketing without destroying any individuality of style or quality, as it relates merely to the question of dimensions. That question enters into our foreign trade. If we can advertise our automobiles as only having 10 dimensions of tires, we have an additional point in the sale of our material abroad.

Now, that sort of thought finds outlet in practically every industry in the United States. During the last month I have held conferences with, I think, eight or ten committees from the national associations of various industries, and in practically every case they have raised the question of simplification of dimensions, and simplification of methods of manufacture, as being one of the primary points at which we can attack the question of lowering the cost of production, and at the same time increasing our ability against competition from abroad. There is an enormous technology which requires the investigation by experts in the Bureau of Standards to arrive at what is the most feasible thing to do, and it requires a large amount of negotiations with the trades themselves to get them on a common mind as to what should be done.

Senator NEWBERRY. I was going to ask, Mr. Secretary, if it is not a case in almost every industrial development of any size that they have technical engineers and technical committees who make every possible effort to standardize. I speak particularly of the automobile industry, and of the size and dimensions of the bolts, screws, nuts, and tires. There are three or four thousand parts that go into the average automobile, and they have struggled for 20 years now with expert committees representing the manufacturers of automobiles and accessory parts to accomplish just the results that are so desirable, that you describe. I do not know how the Government is going to help them very much, or what the Government could do to help some particular industries in a way that they are not doing it now to help themselves at their own expense.

Secretary HOOVER. They have established these committees, these committees have made recommendations from time to time, the recommendations have often had fault found with them, but they have made some progress. Practically all these committees finally agree that if we could come to an agreement with their technical committees and after an investigation, say at the Bureau of Standards, and we would state what the Department of Commerce considers is an advisable specification, that it would carry a great moral weight because of the tendency of the retail trade to stipulate for this particular thing in getting their specifications in order, and, if one brings the manufacturer and the distributor and the dealer all into consideration, between the three of them they would bring a great deal of pressure on each other. Our object is first to determine what is the advisable thing to do, and secondly, by conferences to set up these reactions.

Senator JONES. You think that maybe all of these people would agree to conclusions reached by the Government more readily than the conclusions of some competitor?

Secretary HOOVER. They would. I would like to have Dr. Stratton speak to you for a moment on what has been accomplished at the hands of the Government, and as an indication as to what may be done.

The CHAIRMAN. The method you have used, I think you will agree, is wrong.

STATEMENT OF DR. S. W. STRATTON, DIRECTOR, BUREAU OF STANDARDS.

Dr. STRATTON. I think you have a slight misunderstanding in this case. The fact that we are asking for the same amount is only an accident.

The CHAIRMAN. There are three accidents in a row.

Dr. STRATTON. The sum of three accidents. Only one accident, however. The fact is that this has relation to what we were given before, and these three estimates are made continuous by conditions which have arisen since the last estimates were submitted.

INVESTIGATION OF STRUCTURAL MATERIALS.

The first item of $50,000 was added under the structural materials fund because the work seemed to fit better there, because it seemed useless to multiply these headings. We have too many of them already in our appropriations. That is the first item under Bureau of Standards, page 46.

Now the particular thing which made necessary the $50,000 item is a very great demand that has been made upon us quite recently for more information regarding more simple structures. There is a very great shortage in housing in the country. There is a great demand for better knowledge of building materials. There is a tendency toward the use of more permanent materials in our common structures. It has been worked out a great deal in connection with office buildings of the cities and so on, but those methods are not suitable for the smaller structures and we are wasting a tremendous amount in this country every year by temporary wooden structures. If only for the cause of fire prevention alone there is need for a very great amount of information as to what structures will resist fire, what kind of partitions we can allow that will resist fire. And there is a question of strength. A great many new views have been brought about in the forms of outlines for making walls of smaller structures, but we are loath to introduce those or allow them to be used until after they have had tests made upon them.

This is intended to cover a few of the more important things that have come up in the building program that is being contemplated all over the country. We have some 290 building codes in the different sections of the country, and the Architects' Association estimates that it means an expenditure of the building industry of ten to twenty-five per cent of its cost. They believe that if the Department of Commerce would take the lead in endeavoring to get some common view on a uniform code, assembling the different branches of the material and building trades, and some of the municipal representatives, the time is ripe when we could get more uniformity in building codes, and to have such a uniform code prepared by the Department of Commerce and put out, after that firm groundwork of material had been developed, would get general acceptance and affect economies in the whole industries. To that purpose we have had a number of conferences with the different material trades, the architects, etc., and this appropriation would be of material assistance in that sort of work, which requires again a certain amount

of experimental work, in the determination of the best conditions of such a mutual code.

Senator JONES. Mr. Secretary, do you think you can do that under this appropriation as we are making it here?

Secretary HOOVER. Yes.

Senator JONES. The Committee on Commerce has ordered a favorable report on a bill creating a new division, or authorizing the creation of a new division in the Bureau of Standards, and apparently we do not need that. You would do under that what you expected to do under this appropriation.

Secretary HOOVER. The Senate bill extends that work rather further than we had expected to get it with this appropriation; puts it on a sounder basis. We had hoped to come forward with some definite appropriation, but not to the extent provided in the new bill.

Senator JONES. It is not a question of the amount of the appropriation. We do not appropriate anything under this new bill?

Secretary HOOVER. We had expected to come in for that appropriation.

Senator JONES. But it seems to me if you get an appropriation, all you have to do is to come here from time to time for an appropriation and you do not need that legislative act.

Secretary HOOVER. I expect this would replace that.

Dr. STRATTON. This is to cover the immediate needs, and the fact is that the other gives no appropriation.

Senator JONES. It does not? It allows you to do certain things that you can already do under this.

Dr. STRATTON. These are things that can be done with the machinery at hand. That bill provides for more than is contemplated here. It has to do with materials and codes.

Senator JONES. I do not see the word "code" in here.

Dr. STRATTON. That is what is intended.

Senator JONES. In other words, why can you not construe this so that you can do everything that we propose to do in the other bill if you get the money?

Dr. STRATTON. We can do all of it. The code has to do with the functions of the material in the formal structure. That we can do. For instance, this work that I speak of in connection with the fire-resisting properties, that is all for the purpose of getting the data out of which a code is built. A code defines whether this or that construction can be allowed, and we do not want to decide that until the data has been determined.

Senator JONES. Now, where is the language in any of these provisions that authorizes you to study codes and try to get a standard code?

Dr. STRATTON. The code is a definite statement——

Senator JONES. I am not asking you what a code is. I know what it is. I am asking you what language is there in this provision that authorizes you to do that thing with this money?

Dr. STRATTON. The properties of materials. The investigation of structural materials, including personal service—that is all covered in the original item, which is not repeated here altogether, but the original structural material items, as carried in the other bill, covers properties of building materials, and different properties of build-

ing materials, the kinds of construction which enter into the code. In fact, that is the reason we have codes and such a great variety of them.

Senator JONES I understand. Surely you understand what I mean. The question is whether the comptroller would hold that you have authority, under the language of this bill, to study and use this money in trying to get a uniform code. I doubt it.

Dr. STRATTON. Put it in this way. We study the materials and get the data out of which uniform codes are constructed. We give assistance in the construction of the codes and the codes are constructed by engineers and outsiders who are interested in them.

Senator JONES. You do not think there is any doubt but that you would have the right to use the money in here for that purpose?

Dr. STRATTON. I am quite sure we have the right, because we have done it in a smaller way.

Senator JONES. You have done lots of things that you have not authority to do under the law if strictly construed, and you find yourself up against these decisions of the comptroller every once in a while.

Dr. STRATTON. Yes; that is true.

Senator JONES. I am in sympathy with what you want to do, and in principle with this language that is in this general legislative bill, and I looked for it, as soon as I saw this, looked for the language here, but I do not find it here. I am perfectly willing, and would be glad for you to have it under this proposition, and avoid the necessity of general legislation.

Dr. STRATTON. This language was supposed to be in. I do not know why it was left out of the appropriation bill, but the language we submitted is the same as that in the other bill, and this will cover it, "For continuation of the investigation of structural materials." Now there is not a single problem that we take up that is not in this investigation of structural material.

Senator JONES. It does not seem to me that under that you could study codes of the various States with a view to securing uniformity.

Secretary HOOVER. We estimated here a voluntary committee or committees under the various representatives of the technical and architectural associations to make that study and do it voluntarily. The Bureau of Standards will be able under this appropriation to make the tests that are required, but they are preparing the code. Whether we can go through with a thing of that size on a voluntary basis I do not know.

Senator JONES. That is what I wanted to find out. I think that Dr. Stratton contended that under this language you would not have to go on with the voluntary work, but that you could use some of this money for that purpose. I am perfectly willing that that should be done myself, but I do not remember that the code was in the general legislation, and I looked to see if it was there.

Dr. STRATTON. I do not believe the word "code" is in the general legislation.

Senator GLASS. I should think, under the wording of this bill, that you could not use any of the money for paying anybody to construct the code, but that you could use it for such inquiry and such tests as are necessary to form the basis of the code.

Dr. STRATTON. That is our interpretation of it, sir.

Secretary HOOVER. We were trying to set up the rest on a voluntary basis.

Senator PHIPPS. The appropriation of $125,000 which became available July 1 was made under the sundry civil bill of the Sixty-sixth Congress, was it not?

Dr. STRATTON. The legislative.

Senator PHIPPS. The legislative, yes. In this bill you are asking for $250,000, and the right to use it, transfer it from another fund. That was not estimated for at the time? The $125,000 was estimated for in the other bill?

Dr. STRATTON. No, sir.

Senator PHIPPS. And then, do I take it, that at that time the department was not prepared to say that it wanted to undertake this work for which it is now asking $250,000 in these three items?

Dr. STRATTON. It can all be explained in that way, and this particular item has come up, as I explained to the chairman, due to the urgent needs for data regarding building material to be used in the housing plans that are going on all over the country.

Senator PHIPPS. Then I take it this is supplemental and not a repeated request for something that was refused in a former bill.

Dr. STRATTON. Entirely so.

Secretary HOOVER. I can perhaps emphasize that a little by the fact that the governmental interest in the building difficulties to-day comes in with a new administration. In other words, that we find ourselves belabored and confronted with the whole situation, and we wish to be of some service if we can in the solution. We do not believe that the Government should interfere in the building business, but there are certain things that do need governmental help, and therefore we came forward with a proposal that is entirely new to give such Government assistance as can be given.

Senator GLASS. The conditions in New York suggest that some one should interfere in New York in some way.

Secretary HOOVER. That is for the Attorney General.

Senator GLASS. That is the most scandalous thing I have ever known in the history of the country.

Secretary HOOVER. The appropriation for the Bureau of Standards was proposed for the elimination of waste in industry, as distinguished from these other questions. This is essentially a new proposal, and arises out of the fact that we must procure a more economic basis of production if it is possible to do it. In one item alone, in the perfection of some of the parts in internal combustion engines and a study of the theoretical basis of carburetors, we are told by the automobile industry that if results can be secured there, there is a field that would result in economy up to 25 per cent of the entire gasoline consumption of the country. That is only one item out of many things that can be appropriately studied by the Bureau of Standards, and success in that one item alone would repay the expenditure many times over.

Senator JONES. These are real constructive proposals that make the Bureau of Standards an aid to industry.

Secretary HOOVER. We are endeavoring to make the standardization of public necessities of constructive assistance to industry.

Dr. STRATTON. Senator Newberry asked a very pertinent question as to the industries doing these things themselves. The industry he mentioned, the automobile industry, is a good illustration of an industry that is spending a large amount of money in that sort of work. There are, however, certain underlying investigations of the most difficult kind which they need upon which to build their development work, and that industry has for several years been pressing that we do more of this work, and are very much displeased because we do not do more of this work. These improvements in the saving of fuel, and so on, are going to be based upon a better knowledge of the laws of heat, the loss of heat as applied to this particular kind of apparatus, in connection with the physical constants concerned. The work that we do is but a small part as compared with what they do. Our work is fundamental, and if done well will enable them to go further, much further, and to do much better work than they can do without our assistance. I think the whole automobile industry will tell you the same thing.

Senator NEWBERRY. How do you propose to select the industry that needs development first?

Dr. STRATTON. That is sometimes a difficult matter. We have to use our judgment. Another thing here is that during the war we were asked to do this same thing for the Aviation Service and the Motor Transport Corps. Both services are now asking for this same thing, and are providing a certain amount of money for the same kind of work. But during the war we got a lot of equipment. If we should undertake to do that work now and set up the buildings and equipment for that line, it would take perhaps a million to a million and a half of dollars. But all that is needed now is a small amount of money to operate the equipment we already have on hand in order to give these people the vital data that they need.

Senator NEWBERRY. But every industry needs it.

Dr. STRATTON. Yes, sir.

Senator NEWBERRY. Some are described as necessary and some as unnecessary?

Dr. STRATTON. We have to use our judgment in regard to that.

Senator JONES. You will naturally continue the work along the line that was developed during the war?

Dr. STRATTON. We consider the utilization of the fuel as probably the most important industrial problem. It is the greatest industrial waste that we know of. The internal combustion engine is used in so many places, so many different ways, that it is of the most importance that we know about the new engines, what we call the Diesel type of engine, which is coming into existence and which is very much more efficient, and there is the greatest desire to use that type of engine.

Senator PHIPPS. What means do you take to cooperate with the other departments of the Government that are studying the same problem so as to avoid duplication of work?

Dr. STRATTON. In this particular case our part of the work is examining the devices—that is, the development of the lines under which these devices work. For instance, the problem of radiation comes up here, how shall a radiator be constructed? That depends on the laws of heat. That is peculiarly our function. It does not conflict with any other one. When it comes to the question of fuel, that we generally leave to the Bureau of Mines. We have said nothing about fuel here, but the subject of the saving of fuel, due to the devices which use fuel, the carburetors and radiators and all the other devices which enter into this, that is to say not the development of new devices, but the principles involved, as in the radiator. When we studied the laws of radiation and determined how these radiators behave from a scientific standpoint, we at once took this information and devised better radiators.

Senator PHIPPS. You observe the natural dividing line so that you take one end of the problem and the department that does the practical work takes the other end?

Dr. STRATTON. Yes, sir; and also the industry or industries throughout the country that are doing important research work, and they are doing a lot of it.

Senator PHIPPS. I was about to say that that would apply to the industries as well.

Secretary HOOVER. In all of these cases we are calling in committees from the industrial associations to see that the work we do is fundamental, that it is not being done by anybody else, that it is a necessity and of public importance, and then securing their cooperation. In many instances they change an idea and go ahead. In one particular case, in the matter of enamels, the industry had difficulty in making enamel stick to enameled articles. They consulted the bureau in connection with it, and some experimental work was done which decreased the waste in the proportion of enameled articles that did not come perfectly out of the furnaces, and the industry takes the work from that point forward, and it has made very great progress in eliminating waste. That in itself has repaid the cost of the bureau many times over.

Senator PHIPPS. That is a satisfactory answer to my question, Mr. Secretary.

The CHAIRMAN. Mr. Secretary, is there anything else that you wish to bring up as to additional appropriations? I take it you do not wish any of them cut out.

Secretary HOOVER. No, sir.

ESTABLISHMENT OF STANDARDS, METHODS OF TESTING, ETC.

Senator CURTIS. Now, will you make any explanations that you desire to make of the item on page 47, top of the page? During the last session, when $25,000 was asked for, after a thorough investigation, not a dollar was allowed, and now you are asking for $100,000.

The CHAIRMAN. That is a Bureau of Standards item.

Senator CURTIS. Or have you included that in your general explanation? I am just asking, that is all.

Dr. STRATTON. I think we ought to say something about that item.

Senator CURTIS. I think it is only fair to say to you that I am very strongly opposed to this kind of legislation, and I think that if we ever undertake that we will regret it. It is legislating about deficiency-bill items that are not deficiencies.

Dr. STRATTON. This particular item, like the others, was brought about—you will remember that the $25,000 that you speak of was a deficiency item.

Senator CURTIS. No; it was for the next year. It was in the legislative bill. It was in your estimate in the general bill and the committee refused to put it in.

Dr. STRATTON. But the same committee put in a $15,000 deficiency for the balance of this year.

Senator CURTIS. And gave you nothing for the next year.

Dr. STRATTON. And probably because it went to two different committees over there.

Now as to the merits of this particular item we will say that here again is a matter which has subsequently become very important to this country, the standardization of equipment. The matter has become so important abroad that Great Britain has not only given this Government help but has formulated standardization committees in all of the colonies, and it is going to have a very important bearing upon our foreign trade as well as our domestic trade. I could give you very many instances. The Secretary has already mentioned where the standardization of these articles has resulted in not only the reduction of the kinds of articles but improvement in their quality.

Now, the most notable illustration we have of this kind of work was shown by what is called the screw-thread commission. The screw-thread commission is a voluntary commission which is established by law. It takes no pay of any kind and has done its work at the Bureau of Standards. During the war we found that a bolt made in one place did not fit a nut made in another place, though both had the same pitches, the same number of threads per inch. But one must fit the threads of the other. If it goes on easily we call it a tolerance. If the man who makes the nut and the one who makes the bolt both provide for tolerance, it is then too loose. So that there has got to be some understanding about those kinds of tolerance that applies to all those matters of screw threads. Furthermore, there are several systems of screw threads. Some for automobiles, some for other kinds of work, some have been standardized and some not, and this committee, or this commission, has brought about a system of standard screw threads which will be adopted throughout the country, because they all assisted in bringing it about. The bureau acted as a clearing house in bringing together these people and producing standards. Occasionally a problem arises, and that is where the money is needed mostly. Many of these questions must be settled by experiments. Even in the case of the screw threads, time and again we had to make things of the sizes and shapes desired to see whether that was a practical thing, whether it would work or not, and settle it by experiment, and there are many investigations of that kind involved here as well as the cooperation of the engineers.

Senator NEWBERRY. May I ask Dr. Stratton if it is possible under this department for the Government to standardize any patented article?

Dr. STRATTON. Yes. The patent rarely ever covers the size or shape of the article. It might standardize the number of threads of a patented article.

Senator NEWBERRY. Take such a matter under the war equipment as car roofs for freight cars.

Dr. STRATTON. If we undertook to do that we would get together the car builders on the one side and the railroad people on the other side and would begin by discussion of the whole question as to——

Senator NEWBERRY. Where does the patentee come in?

Dr. STRATTON. He is the manufacturer, and, of course, he would be in it. Now, the two kinds of construction—take car roofs and car ends. There are two kinds of car ends, the horizontal and the vertical, and we have been called upon to test the comparative strength of the two.

Senator NEWBERRY. The moment the Government puts its seal of standardization on some patent, from that moment the fortune of the patentee is made, and the other is eliminated.

Dr. STRATTON. Let me finish. The question of comparative quality is an entirely different thing and it involves a test, and such tests have been made in the case of car ends. The problem of standardization would have to do with the sizes and pitches and the features which it is necessary to have uniform. You can readily imagine that it is desirable from some points of view to have the car roofs of the same pitch and of the same size, and whatever ought to be uniform in these various things is the problem for such standardization.

Secretary HOOVER. There is one feature in connection with the point made that I think needs emphasizing. Not only has this question of standardization in the last six months become a matter of more and more importance to every Government in Europe, so much so that they are literally organized by the Government, the Germans even to the point of compulsion, and it enters into our competitive field. We have one phase of it in what you might call the nomenclature of the trade, the determination of what sort of an article ought to go with a trade name. We have had a great multitude of cancellations of contracts in export, and the standardization of fabrics in connection with the trade nomenclature would make it possible to secure the enforcement of contracts much more simply than is now the case. It facilitates specifications and it facilitates trade generally. There is a large field there that the exporters have requested us time and again in the last six weeks that we should undertake. Now that again requires some actual experimental work to determine what are the specifications which should go with the particular trade term, and in the determination of those things obviously the contracts are called in and brought into accord. All of that bears very materially on our ability to compete in foreign trade.

Dr. STRATTON. I have a very good illustration here, Senator Newberry, of the thing that you speak of. During the war the quartermaster asked us to test ordinary ventilators. There are many kinds of these, many patented ones, some complicated and some simple. We had never been able to test them before. But the construction of a wind tunnel for aviation purposes gave us an opportunity to test these ventilators for current. It became easy to test those and it showed us some of the simplest ones as the cheapest and best. In a case of standardization of that kind you can go as far as pointing out the general specifications. That one investigation, which was more

or less of a simple problem, saved the quartermaster much more than the sum asked for here.

I could give you many illustrations of where standardization is economical, if we can base it on actual facts. We have to have the actual facts in many cases on which to base it.

Senator JONES. Under these different items I notice that you provide for continuing the specifications of certain things. How do you make available the results of these investigations? Do you print them in public documents, and so forth?

Dr. STRATTON. Yes; public documents that are sold by the Government Printing Office.

Senator JONES Under what authority do you do that?

Dr. STRATTON. Under our organic act.

Senator JONES. You know what this legislative proposal is, do you not, that the Committee of Commerce has been considering? You know what that is, do you not?

Secretary HOOVER. That is the housing question

Senator JONES. Relating to housing?

Dr. STRATTON. Yes, sir.

Senator JONES. Why is it that you do not cover everything under this that we do under that, or that you could by extending the language of this?

Dr. STRATTON. We have covered here all of the things that we thought we could legitimately do and get at this problem quickly. If you choose to do this by separate legislation in a broader way, I think it would be a good thing to do.

Senator JONES. But if you have in your organic act everything you need, you do not need other legislation.

Dr. STRATTON. I do not know that we do.

Secretary HOOVER. Many things are provided in the housing act; for instance, the provision for a separate clearing house for information in building development of a beneficial order in various parts of the country. That is not apparently under this.

Senator JONES. No; but why could we not extend the language of this without requiring the extra legislation if this bill is going to get through?

Dr. STRATTON. We endeavored to submit this legislation along lines which we could defend. I thought it would be subject to the criticism that you have just made.

Senator JONES. What criticism?

Dr. STRATTON. New things under this bill.

Senator JONES. This is of course a deficiency bill, but if we are going to make provision as is made here, I do not see any reason why we should not extend it just a little.

Dr. STRATTON. I quite agree with you, but there is nothing apparently in any of these items that is strictly in accordance with the headings in the appropriation under which they occur, and which are due to conditions subsequently——

Senator JONES. They are in accord with your organic act?

Dr. STRATTON. Yes. If you want to enlarge it I am sure it would be agreeable to the Secretary.

The CHAIRMAN. We will have to look that up a little further.

Dr. STRATTON. I would not want to submit one item, the establishment of a new department in our bureau.

Senator JONES. You do this work here without a new division?

Dr. STRATTON. Yes, sir; because that covers the things that we are already organized to do. This will mean no new organization, practically no new equipment, and only such personnel as is necessary to act upon the additional experimental work.

Senator JONES. I do not see why if we just extend this language a little that we could not just carry it on this.

Dr. STRATTON. I am sure I would be delighted, although I am not speaking for the Secretary.

The CHAIRMAN. We will look that up further. We have other witnesses and must pass along. Mr. Secretary, if there is anything further you want to bring before us you may do so. If not, possibly we may ask you for something later on.

WAR DEPARTMENT.

STATEMENT OF BRIG. GEN. H. M. LORD, CHIEF OF FINANCE, AND COL. T. L. SMITH, FINANCE REPARTMENT, UNITED STATES ARMY.

SHILOH NATIONAL MILITARY PARK.

Gen. LORD. The first item is the appropriation of $3,000 for Shiloh National Military Park. Col. Smith, who presented the original appropriation to this committee, will explain the reason for this appropriation.

The CHAIRMAN. We have his evidence here before the House.

Col. SMITH. Yes, sir; I testified before the House. I gave a full explanation of it.

The CHAIRMAN. We understand. That explains that.

Col. SMITH. That was a case of $3,000 being taken out twice on account of the death of a member of the commission.

The CHAIRMAN. As a matter of fact they undertook to cut the appropriation $2,000, and also took out the salary of the man who died.

Col. SMITH. The appropriation for 1921 was $3,000.

The CHAIRMAN. They intended to give you $3,000 less than the year before and then they also took all of the $3,000.

Col. SMITH. Those are the facts.

The CHAIRMAN. That was the situation. What ought to have been done is another matter, of course.

BARRACKS AND QUARTERS—INSULAR POSSESSIONS.

Gen. LORD. The next item in the bill is the extension of an appropriation to cover the fire prevention of Corregidor Island. That has been carried in the House and it comes to the committee approved by the House.

The CHAIRMAN. How much of the appropriation is unobligated?

Gen. LORD. The amount is carried in here. Gen. Carson will be here later so that if the committee wishes to ask any questions they may do so.

The CHAIRMAN. This is merely carrying it along for another year?

Gen. LORD. Yes. The condition at Corregidor Island is that the work must be done with hired labor. No contractor is able to do it. You are a little before the time. The representative of the engineer's department will be here.

PAYMENT TO PITTSBURGH PLATE GLASS CO.

There is another case of an extension of $110,000 for the purpose of payment under a contract with the Pittsburgh Plate Glass Co. That contract was let early in the war, and because of war conditions, but the amount is obligated.

The CHAIRMAN. That also is in full in the hearings?

Gen. LORD. Yes.

The CHAIRMAN. There is nothing to add?

Gen. LORD. There is nothing to add unless the committee wishes for additional information.

INCREASE IN PAY OF PRIVATE SECRETARY TO SECRETARY OF WAR.

There was presented to the House Committee on Appropriations a request from the Secretary of War that the pay of the private secretary to the Secretary be increased from $2,500 to $3,000. Probably members of this committee have something of an idea of the amount of work that has been thrown on the office of the Secretary of War and the requirements at the present time of the private secretary to the Secretary. If he saw one-fourth of the people who have a legitimate right to have contact with him, it would take all of his time, and he has been obliged to throw a great deal of this work upon his private secretary. The Secretary of War at the present time has many additional duties. He is the head of the Federal Power Commission, he is in charge of the river and harbor improvements, and has many other civil functions, and a great deal of the work in connection with those things he has been obliged to turn over to his private secretary, which requires a man of considerable equipment, and he can not secure such a man for $2,500. He makes a special request before this committee that this additional $500 be added to the amount of $2,500.

The CHAIRMAN. That is for the coming year?

Gen. LORD. Yes.

Senator NEWBERRY. Can he not detail all the military aids he wants for the purpose of meeting people?

Gen. LORD. It requires more than that. It requires a study of civil matters of special moment, and particularly for work of that character that is very important.

Senator JONES. I think the General referred to the Water Power Commission. They have an executive secretary.

Gen. LORD. But the people who wish to do business in connection with the Water Power Commission come to the Secretary of War on many matters of policy developed through contact with him, and all matters of this character center in the desk of the private secretary. No matter what other assistants they have, they center in his office, and particularly at his door.

ASSISTANT SECRETARY OF WAR.

Another request that comes from the Secretary, which has been approved by the Secretary—I do not know whether it has reached the committee or not—is for a supplementary appropriation of $5,000 for the Assistant Secretary of War. The Assistant Secretary of War to-day is drawing his pay at the rate of $10,000. Originally the pay of Assistant Secretary was $5,000. Section 5 (a) of the reorganization act of June 4 provides that the Assistant Secretary of War shall be paid $10,000, and this was done because a new position has been created. Under the reorganization act the Assistant Secretary of War is Director of Munitions and is in charge of all procurement supplies for the Army, and in addition to that there has been thrown upon him the duty of demobilization of all our industrial resources.

The CHAIRMAN. The sales department?

Gen. LORD. He handles the sales and is also in charge of the settlement of all war claims.

The CHAIRMAN. Let me state a fact about it before you go on. The law passed, as you say on account of this new burden, and then not only that, but they took away the Second Assistant and had one assistant in place.

Gen. LORD. The Second and Third Assistants they did away with.

The CHAIRMAN. And gave him $10,000. That is the law to-day. Of course we did not appropriate, but that is the law. So that it is only fulfilling the law if we appropriate the amount. We put that salary in the legislative bill over here. That is what the law provides. But the House had it in at $5,000, and we were not able to get out of conference with it. Whether right or wrong, the law is there.

SCHOFIELD BARRACKS—KOOLAU WATER SYSTEM.

Gen. LORD. There was submitted to the House a supplementary estimate for rebuilding the water system to supply Schofield Barracks in Hawaii. Gen. Carson, head of the Construction Division, Office of the Quartermaster General, will appear in defense of that item, and Col. Hickman, of the General Staff, and Maj. Wheaton, of Gen. Carson's office, are here.

STATEMENT OF BRIG. GEN. J. M. CARSON.

The CHAIRMAN. This estimate is for $600,000, is it not?

Gen. CARSON. Yes, sir. It was presented on page 241 of the House hearings.

The Appropriations Committee of the House, in connection with the hearings on the second deficiency bill, received a letter from the Secretary of War transmitting supplementary estimates for $600,000 for the water system at Schofield Barracks, Hawaii. In this letter the Secretary states [reading]:

The present water supply for this post is largely dependent upon a pipe line 27,800 feet long, which is deteriorating rapidly by rusting. The failure of this pipe line would necessitate the immediate removal of the greater part of the garrison from Schofield Barracks and the emergency expenditure of a consider-

able sum of money to provide accommodations for the troops where water could be made available. In addition the repairs now contemplated would have to be made, as strategic and tactical reasons require the occupation of the site of Schofield Barracks in case active defense of the island is necessary.

The replacement of the present pipe line with a cast-iron pipe is believed to be the only practicable way of meeting the requirements of the situation satisfactorily, and in view of the seriousness of the situation I deem it urgently necessary to recommmend an immediate appropriation for this purpose.

That letter from the present Secretary of War was transmitted to the committee of the House, but the item carrying this desired appropriation was not included. The situation at Hawaii in connection with this water supply is so serious that it is deemed quite vital to request consideration of it by the Senate Committee on Appropriations and to urge that it be included in this bill.

The CHAIRMAN. General, it is stated in the estimate that unless something of that kind is done a portion of the garrison of that post will have to be moved elsewhere. Would there be another place to shelter these troops that is already built or would that occasion the building of barracks and quarters elsewhere, if moved away on account of the dearth of water?

Gen. CARSON. There are no other accommodations on the Hawaiian Islands where those troops could be located if they had to be taken away from Schofield Barracks, except temporary accommodations in tents or temporary shacks that could be erected, short of bringing them back to the United States.

The CHAIRMAN. You have testified several times concerning this. How many years ago was it that trouble commenced? I know I have heard of the trouble in the last two or three years.

Gen. CARSON. It has been growing for several years.

The CHAIRMAN. You testified last year here, and you stated that the defects were of such a nature and so serious. etc., that it was believed that the line might continue to give satisfactory service for many years if buried. This proposition of $600,000 is really to build a new line?

Gen. CARSON. Is to replace the line, which consists of steel built-up pipe, by cast-iron pipe. The original line, according to reports that were made, was put in of steel because at the time cast-iron could not be utilized. The original or upper part of the line was at rather an inaccessible situation. The material had to be carried and the pipe riveted in place.

The CHAIRMAN. Are you absolutely certain that when you do that it will end the matter?

Gen. CARSON. We think so because iron pipe is a durable pipe for that purpose.

Senator JONES. How long has the present pipe been in?

Gen. CARSON. Since 1911, I think it was.

Senator JONES. When did the rusting begin?

Gen. CARSON. It has been going on for some time. It was noticed first two or three years ago and has been growing.

Senator JONES. So then it may go through the year, and it may not.

Gen. CARSON. It may or may not. And, of course, in pipe of that kind the rate of deterioration rather increases with the age. While

the rate of deterioration the first five years may have been rather slow, the second five years would be more rapid. It is getting worse and worse.

Senator JONES. What do you think, based on past experience, the probability is of it not lasting through this year?

Gen. CARSON. Well, I would not care to give you any opinion on that, sir, because I have not seen it. I have to depend entirely on the reports that come in.

Senator JONES. Have they not made a report of this kind for two or three years?

Gen. CARSON. Yes, sir; and each year they are more urgent than before, showing the increasing rate of deterioration of the pipe line. They are getting very anxious about it every time the report comes in, and so urgent is the situation in the minds of the officers there, the commanding general, that he has been cabling us.

Senator JONES. What does he cable?

Gen. CARSON. To the effect that it is quite important that the matter be attended to immediately.

Senator JONES. Does he point out what leads him to cable like that?

Gen. CARSON. An examination of the pipe, the physical examination.

Senator JONES. Does he point out what the physical examination shows as to critical condition?

Gen. CARSON. That is given in great detail in the hearings. The pipe is rusted in places, rusted through.

Senator JONES. Leaking?

Gen. CARSON. Yes, leaking; about 500,000 gallons of water are lost per day through leakage.

Senator JONES. That fact speaks stronger than anything else. That indicates that it is in exceedingly bad shape.

Gen. CARSON. It is that fact that convinces us that the report is not overdrawn. Of course, we could repair the line, but we would not get anywhere with it, and it is rather regarded as poor business when in a short time we would have to replace the line anyway.

Senator JONES. Was this presented to the Military Committee in the Army bill.

Gen. CARSON. I think it was not, sir.

The CHAIRMAN. It should properly be in the sundry civil bill.

Senator JONES. Were these matters presented when we had the sundry civil bill up?

Gen. CARSON. I think they were, sir. They were presented to the House committee, and I think to the Senate committee.

Senator JONES. I do not remember that they were presented to the Senate committee at all.

Gen. CARSON. I do not personally recall having been before your committee on this bill. I was not called, sir.

Senator PHIPPS. I learn from the testimony submitted before the House committee, General, that the pipe line now in was placed in 1912. It is 27,800 feet long, and it is stated to be wrought-iron pipe.

Gen. CARSON. Wrought-iron pipe?

Senator PHIPPS. It must have been steel. It was placed in 1912, 3/16 and 5/32 inch thick, 24 inches in diameter. Would it be your

experience that the specifications originally adopted were proper, to take that weight of steel for that diameter of weight?

Gen. CARSON. I think so, sir. That is standard-gauge pipe, and it was rolled, but not riveted, until it was put on the ground.

Senator PHIPPS. Yes, built up on the ground. That is the customary practice. That was the practice that prevailed for some years even before 1912. But it seems to me rather surprising that cast-iron pipe of the same diameter is now specified when the modern practice is to go to steel riveted pipe in the replacement of cast iron, as I am informed.

Gen. CARSON. That may be the practice in the continental United States, but you must remember, Senator, that in Hawaii we were dealing with peculiarities of climate that do not exist in the States.

Senator PHIPPS. They would exist in Australia, would they not?

Gen. CARSON. In places, perhaps, some places.

Senator PHIPPS. It is a surprising statement to me to have them now specify cast-iron pipe.

Gen. CARSON. We know from experience that cast-iron pipe for a water-supply project—we have this experience with steel in that particular locality. We have the facts as against theory.

Senator PHIPPS. I do not pretend to be up on engineering, but this is a really surprising item to me. With what I do know about steel pipe and cast-iron pipe, it seems to me a step backward.

Gen. CARSON. I think cast-iron pipe is universally used for water systems everywhere.

Senator PHIPPS. I know it is used, but the modern practice, as I have been informed, is to specify steel-riveted pipe. And it seems to me that 3/16 for that diameter of pipe is rather too thin.

Gen. LORD. Answering the question of Senator Jones, this was presented to this committee and the testimony will be found on page 138, Senate hearings on the sundry civil bill.

The CHAIRMAN. Well, we have it, and unless there is some new thing to give us concerning it, we have the testimony given before the House and also the evidence before us given on earlier dates.

Gen. CARSON. As a matter of fact, Senator Phipps, Maj. Wheaton, who was one of the assistants in the office of the quartermaster general at the time this was installed, tells me that the figures in the testimony are in error—I could not contradict them because I was not here at the time—but that the pipe in the thickest part is $\frac{3}{8}$ inch instead of $\frac{3}{16}$.

Senator PHIPPS. That would be more nearly like it. If only $\frac{3}{16}$ it would begin to deteriorate rapidly. It was given at $\frac{3}{16}$ and $\frac{5}{32}$.

Gen. CARSON. That was an error, sir, that was overlooked in correcting the testimony.

Senator PHIPPS. You take the cost; you are making an estimate of $600,000, while the original cost of the pipe put in in 1912 was less than one-half of that figure, I believe, $235,000, the first cost.

The CHAIRMAN. At the time this was put in, the work was not half done. It is really laying the pipe on the top of the ground. The testimony states that they have buried some of it.

Senator PHIPPS. "This line was constructed in 1912, 27,800 feet long, and through most of its length is buried in the soil."

The CHAIRMAN. I know, but right here they asked for an appropriation so that they could bury some of it, which they did. This is later testimony.

Unless you have something new, we think the matter is before us and it will be considered.

Gen. CARSON. In connection with that matter, sir, I would like——

The CHAIRMAN. By the way, before you leave that, is it your intention to take the supply from two different sources to supply the barracks?

Gen. CARSON. No, sir; only one source. In that connection I would like to lay before the committee a cablegram that was sent to the commanding general at Honolulu on May 9 (reading):

> Forward following information by cable earliest possible date for Appropriation Committee. Give bacteriological analysis of water in Wahaiwa Reservoir. What rights must be acquired in order that water in reservoir can be diverted to post use. What is flow of stream between east pumping stations and Wahaiwa Reservoir during periods of drought.

He replied May 18 as follows (reading):

> Reference your 962, paragraph 4, bacteriological examination five different days water Wahiawa Reservoir shows gross pollution, marked gas in lactose broth, colon bacili, many animalcull. Water condemned by Territorial health board unles theated to make it safe. Army now has right to take all water needed for post or camp purposes from reservoir or from any part of south fork of Kaukonahua Stream above reservoir. If water is taken from reservoir small area for pipe-line right of way must be acquired. Extreme low-water flow of stream at east pumping station about 350,000 gallons daily all diverted by pumping station except when Army reservoirs are full. No dry weather in flow into stream between pumping station and reservoir. Water in reservoir can only be used for animals and other purposes than for human beings.

That is in case any question about the quality of the water should arise.

Senator JONES. How long would it take you to put in the new line, General?

Gen. CARSON. It is very difficult to say, sir. We would have to ship the material from this side, from the States, and it would probably take from six to nine months, and we are at the present moment informed that they are having some difficulty.

Senator JONES. If we should make this appropriation it would be a year.

Gen. CARSON. It will not be that if we can help it.

Senator JONES. That would be a reasonable estimate?

Gen. CARSON. I think within a year it would surely be in.

Senator PHIPPS. I do not understand why this item is not taken to the Committee on Military Affairs of the House.

The CHAIRMAN. It does not belong to the Military Affairs but to the sundry civil bill. It had not developed at that time so great a leakage.

Senator PHIPPS. When was that testimony given that you read from?

The CHAIRMAN. I read from the testimony of the year before. I read from two places.

Senator PHIPPS. That is where they were trying to get the pipe buried?

The CHAIRMAN. Yes; and I will say that I happened to be involved a good deal in this water question and lawsuits growing out of the

rights of individuals and the conflict with individual rights, and I remember getting the Military Committee mixed up in some way—I can not give any particulars—but I know that it has been a constant necessity to get water for these posts in Hawaii because the cane interests and others are such that water is like gold and they are fighting for it a good deal, and I think the Government has the rights to a sufficient supply.

I want to get it before us whether it is from one point or not. You think that there is no surplus for the post elsewhere that you can get for the post without this entirely new line. Is that the case?

Gen. CARSON. None that I know of, sir, beyond this reservoir about which I just read the telegram, in which the water is unusable without treatment, which would mean an expensive plant. I think that in the hearings before the House committee the estimate was made of the cost of such a plant to treat that water properly. That is given on page 246 of the hearings before the subcommittee of the House Committee on Appropriations under the heading "Note," the description of the itemized estimate.

The CHAIRMAN. Without reading it, I notice the figures $231,000. Would that be the cost of the construction of the extra supply?

Gen. CARSON. The cost of the plant to treat the water.

The CHAIRMAN. Then you have got the operating expenses of $42,380. Is that correct?

Gen. CARSON. That would be a constant charge of such a plant, the annual charge.

The CHAIRMAN. Then you would not be better supplied, or would you be better supplied than if you went on with this scheme of $600,000 to build one new line complete?

Gen. CARSON. My mind is that we would be better supplied in the proposition to rebuild the present line. What we build would be permanent.

The CHAIRMAN. Well, we will consider that matter.

CAMP BENNING, TO COMPLETE ACQUISITION OF LAND.

Gen. LORD. There is a letter, I understand, from the secretary to the committee on the matter of making available the balance under an appropriation to pay the amount to be determined under condemnation proceedings in connection with Camp Benning. I will leave with the reporter the letter to the Speaker of the House, and the letter to the chairman of the committee.

The correspondence referred to is here printed in the record as follows:

THE SPEAKER, HOUSE OF REPRESENTATIVES.

SIR: 1. I beg to invite attention to the status of the condemnation proceedings in connection with the acquisition of land for Camp Benning, Ga.

2. The act approved February 28, 1920, which amended the Army appropriation act, approved July 11, 1919, and authorized the acquisition of land at certain military posts, authorized the expenditure from appropriations already available of $515,252 for the acquisition of land required at Camp Benning. The amount thus authorized was in accordance with the estimate of the total awards which would be made in condemnation at the time when the bill was under consideration by Congress. While this estimate was the best that could be made at the time, it is now found that to pay the awards of the court for the same land as that contemplated at the time of the enactment of the act of February 28, 1920, an additional amount of $400,000 will be required. This amount is available for payment from the appropriation "General appropriations, Quartermaster Corps, 1919," but under the provisions of the Army appropriation act approved July 11, 1919, can not be paid without specific authority of Congress. In addition, the funds for the fiscal year 1919 will be covered into the surplus fund of the Treasury on June 30, 1921, unless the availability of the funds be extended by act of Congress.

3. The owners of the land now in condemnation have been deprived of the possession of their land for some time, and a further delay in the payment of the awards in condemnation would be extremely unjust to these owners. The total amount required under the awards has now been definitely determined, and I, accordingly, urge the enactment of legislation which will permit the payment of these awards. To this end I suggest the following language of legislation:

To complete the acquisition of land required for the Infantry school at Camp Benning, Georgia, there may be expended from the appropriation "General appropriations, Quartermaster Corps," for the fiscal year 1919 the sum of $400,000, which amount shall be in addition to the sum of $515,252, the expenditure of which for the same purpose was authorized by the act approved February 28, 1920, entitled "An act to amend the Army appropriation act of 1920, and for the purchase of land and to provide for construction work at certain military posts, and for other purposes." The said sum of $400,000 herein authorized to be expended shall remain on the books of the Treasury to the credit of the appropriation "General appropriations, Quartermaster Corps, 1919," until June 30, 1922.

Sincerely, yours,

JOHN W. WEEKS,
Secretary of War.

Hon. F. E. WARREN,
Chairman Committee on Appropriations,
United States Senate.

MY DEAR SENATOR: 1. I beg to inclose herewith copy of my letter of this date to the Speaker of the House of Representatives in reference to the enactment of authority for the payment of $400,000 additional, for the acquisition of land at Camp Benning, Ga., under condemnation proceedings which have now been practically completed. In view of the importance of an early settlement of this matter, both in justice to the property owners affected and in order to avoid interest charges against the Government, it is suggested that it would be highly desirable to secure this legislation in connection with the pending deficiency appropriation bill, which is now before the House of Representatives, and I have the honor to urge such favorable action in this connection as your committee may deem proper.

2. A copy of the accompanying inclosure is also being furnished to the chairman of the Senate Committee on Military Affairs.

Sincerely, yours,

JOHN W. WEEKS,
Secretary of War.

Hon. JAMES W. WADSWORTH,
Chairman Committee on Military Affairs,
United States Senate.

MY DEAR SENATOR: I beg to inclose copy of my letter of this date to the Speaker of the House of Representatives recommending the enactment of authority for the payment of $400,000 additional for the acquisition of land at Camp Benning, Ga., under condemnation proceedings which have now been practically completed. In view of the importance of an early settlement of this matter, both in justice to the property owners affected and in order to avoid interest charges against the Government, it is thought that possibly provision for this payment may be included in the pending deficiency appropriation bill which is now before the House of Representatives. With this in view, I am furnishing a copy of the accompanying inclosure also to the chairman of the Senate Committee on Appropriations in the hope that it may be found possible for that committee to make provision for the matter in reporting the deficiency bill to the Senate.

Sincerely, yours,

JOHN W. WEEKS,
Secretary of War.

The CHAIRMAN. Do you remember what the unexpended balance at Camp Benning is?

Gen. CARSON. It is about $10,000 of the appropriation that was made February 28, 1920.

The CHAIRMAN. To what use do you propose to put it?

Gen. CARSON. To pay judgments rendered by the courts in the condemnation proceedings for the land that is now within the limits of Camp Benning.

The CHAIRMAN. You have still more there that is at issue?

Gen. CARSON. No, sir; not at that camp. This winds it up.

The CHAIRMAN. This cleans it up?

Gen. CARSON. Yes.

The CHAIRMAN. You have disposed of it within the estimate?

Gen. CARSON. This is some of the original estimate.

The CHAIRMAN. You have thousands of acres there?

Gen. CARSON. A great deal was surrendered and not included within the revised boundaries of the camp.

The CHAIRMAN. Just state the facts.

Gen. CARSON. The act approved February 28, 1920, which amended the Army appropriation act approved July 11, 1919, and authorized the acquisition of land at certain military posts, also authorized the expenditure of some appropriations already available of $515,252 for the acquisition of land acquired at Camp Bennings. The amount thus authorized was in accordance with the estimate of the total award which was to be made in condemnation at the time when the bill was under consideration by Congress. The court decisions had not been rendered so it was necessary to form an estimate of what the amount would be. Unfortunately the estimate was too low.

The CHAIRMAN. You came within $10,000?

Gen. CARSON. No, sir; not within $400,000. While this estimate was the best that could be made at the time, it is now found that to pay the awards of the courts for the same land as that contemplated at the time of the enactment of the act of February 28, 1920, an additional amount of $400,000 will be required. This amount is available for payment from the appropriation "General appropriations, Quartermaster Corps, 1919," but, under the provisions of the Army appropriation act of June 11, 1919, can not be paid without specific authority of Congress. In addition the funds for the fiscal year 1919 will be covered into the surplus fund of the Treasury on June 30, 1921, unless the availability of the fund be extended by act of Congress.

The owners of the land now in condemnation have been deprived of the possession of the land for some time, and the further delay in the payment of the award in condemnation would be exceedingly unjust to the present owners. The total amount required under the award has now been definitely determined, and the enactment of legislation which will permit the payment of these awards is urged. To this end the language of the legislation in the Secretary's letter is suggested.

The CHAIRMAN. You speak of court judgments. Of course these are not judgments but awards, as I understand it.

Gen. CARON. Yes, sir; they are judgments in condemnation proceedings.

The CHAIRMAN. Are they awards by the board?

Gen. CARSON. No, sir; these are judgments of the courts against the Government in condemnation proceedings.

The CHAIRMAN. If we grant this, this cleans it up entirely?

Gen. CARSON. This cleans up Camp Benning. This does not call for any money to be appropriated.

The CHAIRMAN. This is an obligation of the Government, you say?

Gen. CARSON. It is an obligation of the Government and it is proper that it should be paid. This $400,000 added to about $10,000 remaining of the $515,000, originally authorized, will close the books so far as Camp Benning is concerned.

The CHAIRMAN. You have the language?

Gen. CARSON. The exact language is in this letter.

The CHAIRMAN. Was that presented to the House?

Gen. CARSON. Yes, sir.

Gen. LORD. Not this present bill.

Gen. CARSON. The letter from which I just read was addressed to the Speaker.

Gen. LORD. That was since the House hearing.

The CHAIRMAN. They refused to put it in?

Gen. LORD. It was presented since the hearing.

The CHAIRMAN. Was it before the House committee?

Gen. LORD. No; it was not.

Gen. CARSON. No, sir; it was not. I believe, Senator Warren, that we did not get the final figures from the judgments of the court in time to complete them. I think that was the cause of the delay.

Then there is also a request to authorize the expenditure, to utilize funds that are available for the settlement of similar claims at other camps, and I will read the essential portions of the letter of May 27 addressed to the chairman of the Committee on Appropriations, United States Senate, and signed by the Secretary of War.

The CHAIRMAN. Do you feel that those claims have advanced far enough to be in the nature of judgments?

Gen. CARSON. All of them have not reached that point, but we are quite confident that the amount given in this letter will cover any possible judgments. We have gone to the other extreme this time. We believe that they will be less.

Senator JONES. Why not wait until the judgments are rendered?

Gen. CARSON. Then we could not get any action for another year, and the people would be deprived of the land and the money.

Senator JONES of Washington. That is common in dealing with the Government.

Gen. CARSON. We are trying to correct those difficulties as rapidly as we can. This request is essentially for authority to complete the meeting of these obligations. The money has been appropriated, but will lapse, as I understand it, into the Treasury on the 30th of this month unless Congress extends the time.

The CHAIRMAN. You feel that what you are doing is to use the original appropriation made for this identical purpose.

Gen. CARSON. Yes; but the time limit expires on the 30th unless the time limit is extended.

The CHAIRMAN. That was not presented to the House, I take it.

Gen. LORD. No, sir; it was not.

Gen. CARSON. The camps concerned in this matter are Custer, Devens, Dix, Grant, Jackson, Lee, and Meade.

Senator PHIPPS. Have you the approximate amounts for the separate items there?

Gen. CARSON. Yes, sir.

Senator PHIPPS. May we have those?

Gen. CARSON. These are estimated, of course.

Senator PHIPPS. I understand that.

Gen. CARSON. Camp Custer, Mich., $3,500; Camp Devens, Mass., $2,250; Camp Dix, N. J., $75,000; Camp Grant, Ill., $588,496; Camp Jackson, S. C., $159,934; Camp Lee, Va., $381,950; Camp Meade, Md., $500.

The CHAIRMAN. Those are uncompleted awards?

Gen. CARSON. Yes, sir.

The CHAIRMAN. It is simply to keep this money to carry it along?

Gen. CARSON. Some judgments have been rendered and some awards have been closed, and others are pending, awaiting the action of the court. But we can not pay them with this embargo on the money fixed by the act of July, 1919.

The CHAIRMAN. Have you anything further?

Gen. LORD. There is one matter of $500 for a report on the cost of improving and maintaining the road in the Chickamauga and Chattanooga National Military Park. The act of Congress instructed the Secretary of War to have such a survey made.

The CHAIRMAN. And you have estimated for it?

Gen. LORD. We have estimated $500. That has come through in the regular order.

Senator JONES of Washington. That is really a deficiency?

Gen. LORD. That is the only deficiency we submit, sir.

STATEMENT OF HON. LEE S. OVERMAN, UNITED STATES SENATOR FROM NORTH CAROLINA.

WILMINGTON, N. C., FEDERAL BUILDING.

Senator OVERMAN. I have one little matter that I would like to present now, as I am going away to-night. I have an amendment allowing the Secretary of War to use what is left of the fund appropriated for the construction of the Wilmington Customhouse, in Wilmington, N. C. There are several shacks that we want to get rid of in the neighborhood of the customhouse. It was put in the bill before and was held in in conference, but, by a mistake of the clerk, was not carried in. He said it would go in the next appropriation bill. It was held in in conference and was put on by the committee before.

The CHAIRMAN. It was put on by the floor of the Senate.

Senator OVERMAN. It provides that the balance of the fund can be used for the removal of these unsightly shacks in the neighborhood of the customhouse.

Senator JONES. What is the balance?

Senator OVERMAN. $60,000, the Secretary of the Treasury reports it.

Thereupon at 4.30 o'clock p. m. the committee adjourned until to-morrow, May 28, at 11 o'clock a. m.

SATURDAY, MAY 28, 1921.

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
UNITED STATES SENATE,
Washington, D. C.

The subcommittee met at 11 o'clock a. m.

Present: Senators WARREN (Chairman), JONES of Washington, CURTIS, PHIPPS, NEWBERRY, and GLASS.

TREASURY DEPARTMENT.

STATEMENT OF HON. D. R. CRISSINGER, COMPTROLLER OF THE CURRENCY.

The CHAIRMAN. I take it, Mr. Comptroller, that you want to address yourself to the subject of your office under the Treasury Department.

Mr. CRISSINGER. Yes, sir.

The CHAIRMAN. Very well; we will hear you.

OFFICE OF COMPTROLLER OF THE CURRENCY—GENERAL STATEMENT.

Mr. CRISSINGER. Mr. Chairman, I want to take up the matter only in a general way, so far as I myself am concerned. I have my chief clerk here, and the chiefs of the two divisions in which we need the help.

Generally speaking, you will understand that we have had detailed from other offices, I think, 56 people to help us in this work, and these other departments have been wanting these people, and we will lose them on the 1st of July; so that we are going to be short of help to carry on the very important work that we have here to carry on. I think the recommendations and requests we have made here will ultimately reduce our force, if we are granted what we want and need, about 14 people; but you will understand that we are taking on new banks every day. I think we are averaging about a bank and a half a day, and of course that increases very materially right along the work that we have to do in this department, so that if we keep up with the work we shall necessarily have to have this help.

DETAIL OF CLERKS FROM OTHER BUREAUS.

The CHAIRMAN. Mr. Comptroller, you say the other departments will take these men away on the 1st of the month. That is because of their forces having been cut down by the bill, is it?

Mr. CRISSINGER. It is because they need them. I do not know why they are going to take them. They have been wanting them. They have sent for them heretofore.

The CHAIRMAN. I suppose they do not always detail you the best clerks?

Mr. CRISSINGER. No; we get the tail end of the clerk business when we get a detail of that kind. I am so impressed with the work that is going on up there that I am sure if this committee could take a peep in and see the manner in which these clerks work, the amount of

work they are doing, and so forth, you would be impressed with the idea that we are wanting something to which we are entitled.

That is the general situation. Our chief examiner has not been provided for, for the Examination Department.

As to the detail of these men and ladies that we need, I want the chiefs of the divisions to talk to you about the matter; so I will ask you to let Mr. Davenport tell you about the Examining Division first, and then you will get the detail that you want to know about.

STATEMENT OF H. B. DAVENPORT, CHIEF OF THE EXAMINING DIVISION, OFFICE OF COMPTROLLER OF THE CURRENCY.

CHIEF OF EXAMINING DIVISION.

Mr. DAVENPORT. I will say, in connection with the Division of Examinations, that in the legislative bill for the year ended June 30, 1920, a chief of division was dropped from the appropriation bill, and the comptroller was given authority to designate a national bank examiner, who was paid from the funds assessed against the banks, to act as chief of the Examining Division. In other words, the position was taken away, and this authority was given, and the comptroller assigned a national bank examiner to act as chief of the Examining Division. That has been done since 1920. That was put in the appropriation bill for the fiscal year ending June 30, 1921, but it was cut out by the House Appropriations Committee, and then put in this deficiency bill, and again cut out on the floor of the House on a point of order.

The CHAIRMAN. Yes; we have the record on that point.

Mr. DAVENPORT. That is one position.

Senator CURTIS. You need that place by reason of the fact that there is no provision now for the examiner to do that work and you must have some one to do it?

Mr. DAVENPORT. Yes. There was a civil-service chief of division there that was eliminated, and that is the necessity for this provision.

Mr. CRISSINGER. You understand, it involves no expenditure on the part of the Government.

Senator CURTIS. We understand; I just wanted to bring that out.

Mr. DAVENPORT. In connection with the work of the Examining Division, I should like to state that in 1919 there were 1,436 banks not examined twice; they were examined only once.

EXAMINATION OF NATIONAL BANKS.

Senator NEWBERRY. Out of seven or eight thousand?

Mr. DAVENPORT. There were approximately 8,000 banks, involving regular examinations twice a year of about 16,000. In 1920 there were 1,771 banks which received only one examination, were not examined twice, notwithstanding the fact that in 1920 there were 300 more examinations made than in 1919, because of the necessity for more than two examinations a year of so many banks—what we call special examinations. That is the reason for more examinations, and yet there were more banks not examined twice on account of the conditions.

There are 8,162 reporting banks, or were on January 1, 1921, and it is the intention of the comptroller to have all those banks examined at least twice. Of course, you understand that the special cases will have to be examined oftener than twice, some of them four or five times; and to this end since March 17, 1921, Comptroller Crissinger has appointed 40 additional national-bank examiners to do this work. There were 154. He has appointed 40 net. That means in addition to those who resigned in the interim, possibly 45 or 46 having resigned. So that there is an increase in the number of national-bank examiners, and a great increase in the number of assistants, approximately 30 per cent. That will mean an increased volume of work for this year over last year of from 20 to 25 per cent, not taking into consideration the more unfavorable condition of the banks this year than last.

It might be interesting to say that about October 1, 1920, the real bad condition began to develop, and it has increased since that time, and is getting worse. The examiners report an increasing amount of losses, slow and doubtful assets, and we have to give a great deal more attention in the office to criticizing and giving consideration to the reports of the bad cases. The ones that are of minor consideration we pay but small attention to, so that we can give our attention to the more important ones.

In the case of the positions requested here, particularly the higher-priced ones, there are four assistant chiefs at $2,250, four at $1,800, etc. The divisions now have clerks assigned as assistants to the chiefs. We are asking for four assistants at $2,250. Those positions and the higher-salaried positions would be called upon to do the more important work to which I refer; for instance, conducting correspondence on reports of examinations, which involves a knowledge of the Federal reserve act, national bank act, and the rulings of the comptroller and the counsel.

I should like to say, as far as the reports are concerned, that there does not seem to be any let-up in the bad conditions in the West and the South. There is so much frozen stuff in the banks that losses keep continually developing. All of that necessitates greater care.

The CHAIRMAN. I can understand how it becomes necessary to make your examinations oftener and pretty complete; but I am almost tempted to ask a question which perhaps I ought not to ask, and that is whether in that examination, which in the first instance, of course, is to prove the soundness of the bank and the proper way of running it, you are intending to, and do as far as you can, lend a helping hand rather than a destroying hand?

Mr. CRISSINGER. Yes, sir; that is what we are doing. I just want to throw that in. We have had only 21 banks in the Insolvency Department out of all that have failed. We have rebuilt them and started them up again. Out of all that have failed, we have only 21 in the Insolvency Department.

The CHAIRMAN. The others have a prospect of pulling through?

Mr. CRISSINGER. Oh, yes. We have some of those out of the Insolvency Department right now. We are pursuing a constructive policy, trying to help the banks.

The CHAIRMAN. Go ahead.

Mr. DAVENPORT. As an example of what the comptroller just stated, within the last month there have been some examiners who have found banks insolvent, with losses exceeding their capital and surplus; and they have been able to induce some large shareholder or director to purchase from the banks the bad assets for cash, and thus restore the solvency. The bank examiner is doing everything he possibly can to prevent banks from failing, and, when they do fail, to reopen them. As the comptroller says, we are reopening them right along.

Just one more matter, and that is the employees in the office of the Comptroller of the Currency. Here are just a few, giving their salaries when they left the office and the positions and salaries they now receive, indicating the character of the people that we have had there:

Mr. Birckhead, formerly chief of the division at $2,200, now receives $5,500.

Senator CURTIS. From a private institution?

Mr. DAVENPORT. As a national-bank examiner.

Mr. McDonnell, who was formerly a clerk there, is now assistant counsel to the comptroller, at a salary of $3,100.

Mr. Maxey, formerly a clerk at $1,600, is now a bank examiner at $3,000.

Mr. Steffins, formerly an assistant chief of one of the divisions, getting $2,000, now receives $3,000.

A secretary whom we employed there at $1,800 now receives $4,000 in a private capacity.

Mr. Newnham, formerly chief of the Examining Division, receiving $2,200, now receives $10,500.

Mr. Richmond, former chief, received $5,000 at the time of his death.

Mr. Kelley, formerly a clerk at $1,400, receives $3,000.

There are a great many more here receiving comparatively small salaries, showing how the character of the work there has developed some very able men. I believe the request made for the additional positions on account of the necessities of the case would seem to be warranted by the condition which we are facing.

Mr. CRISSINGER. I should like just to throw into what Mr. Davenport has said here the statement that we are constantly losing the best men that we have to banks. We lost one the other day in California that we were paying $9,000—the chief examiner. The banks pick them up. Whenever we get them good enough to run some good bank they take them from us. We are losing the high type of men every day, and we have to pay them good salaries in the examination force to keep them.

Mr. DAVENPORT. The national-bank examiners are paid from assessments on national banks.

Mr. CRISSINGER. Now, I should like to have Mr. Cutts give you the needs of his department. He is the head of the Statistical Department.

STATEMENT OF MR. ARTHUR D. CUTTS, CHIEF OF THE STATISTICAL DIVISION, OFFICE OF COMPTROLLER OF THE CURRENCY.

SALARIES, STATISTICAL DIVISION.

Mr. CUTTS. My division has supervision of and handles the reports of condition, the reports of earnings and dividends, and also compiles statistics with reference to banks other than national, as required by section 333 of the Revised Statutes, for publication in the Annual Report of the Comptroller. It also assembles and prepares a large majority of the copy for the Comptroller's Annual Report to Congress. At the present time I have 27 employees; that is, there are 27 employees in my division, including the chief of the division and the assistant chief.

Senator JONES of Utah. I thought you were the chief of the division.

Mr. CUTTS. Yes, sir; I am. I said there were 27, including myself and the assistant chief.

DETAILS TO STATISTICAL DIVISION FROM OTHER OFFICES.

During the past year it was necessary, in view of the increased amount of work, to detail several employees from other offices of the Treasury Department; and of course when one office details clerks to another office naturally they do not let you have the best clerks they have. They send you the mediocre clerks, and those are the kind of clerks that we have to take in and put on responsible work. In fact, in my division during the past year there have been times when I have had money counters, persons who passed a third-grade clerical examination, a minor clerical examination, doing high-grade work—people that were receiving salaries of $720 and $840 a year working on high-grade statistical matter, examining reports, and all that sort of thing. It is just a physical impossibility to do the work in an efficient and satisfactory manner with the number of employees we have at the present time, and especially in view of the fact that on July 1, as the comptroller stated a few moments ago, the 56 employees that we have had detailed to the several divisions of the offices will be withdrawn.

I think that is the only point I can make in regard to my division. The main thing is that I need more clerks, and I need more high-grade clerks, because we can not keep efficient and satisfactory clerks on high-grade work at low salaries.

Mr. Crissinger wanted me to explain to the committee the manner in which these reports are handled. In our division we use comptometer machines, and I have young ladies who operate those machines, and they abstract these reports in groups of 10. Before abstracting reports they are all examined, and then the reports are before me in groups of 10, and the totals are carried off on a total sheet for each group of 10 banks, and then the grand total is combined by a consolidation of these group sheets. Of course that is very important work, and it requires experienced operators; and you can not take a money counter and break her in on a comptometer machine and make an efficient operator out of her.

Senator JONES of Washington. How long have you been chief of your division?

Mr. CUTTS. I have been chief of this division since the early part of 1919.

STATEMENT OF MR. JOHN G. HERNDON, CHIEF CLERK, OFFICE OF COMPTROLLER OF THE CURRENCY.

ADDITIONAL EMPLOYEES.

Mr. HERNDON. We are asking for two clerk counters at $1,400 each, four clerk counters at $1,200 each, and two messengers at $840 each. We now have only 12 counters in the Issue Division, and we are asking for these six additional. We have only one messenger in the entire force. We have five assistant messengers, three laborers, and two messenger boys. We have not a sufficient number of messengers to do the work. Mr. Fowler, the Deputy Comptroller, has no messenger. The Bookkeeping Division has no messenger. There is none in the files room, none in the multigraph room. We have to assign four of these messengers to the Issue Division on account of the heavy shipment of national-bank notes. We are shipping each day an average of about 1,800 packages out to national banks, and we have not enough messengers to do the work. We can scarcely get enough to wash the windows. We have had to call on the chief clerk of the department at times to have that work done for us.

The CHAIRMAN. Is your work all within one building?

Mr. HERNDON. It is all in the one building; yes, sir.

The CHAIRMAN. In the main building?

Mr. HERNDON. In the main building.

Senator PHIPPS. This would be a net addition to your present force, would it?

Mr. HERNDON. Yes, sir.

Senator PHIPPS. When the latest appropriation bill was under consideration, had you made requests for these positions?

Mr. HERNDON. Everything.

Senator PHIPPS. And that was refused?

Mr. HERNDON. We requested everything of this before, and nothing was given us at all in this one.

Mr. CRISSINGER. Is this a net addition?

Mr. HERNDON. Yes, sir; these are all net additions that we are asking for this morning.

Senator CURTIS. Would it not be possible for the Secretary to detail you some of the messengers from some of the other branches?

Mr. HERNDON. We have tried to obtain them. I have gone down to the chief clerk repeatedly, and just completely failed. Some of the bureaus seem to have a great many more messengers than they need.

Senator CURTIS. That is the way it looks to one who visits the building.

Mr. HERNDON. Yes, sir; you see them sitting in the halls there, but you do not see any of our messengers sitting in the halls.

The CHAIRMAN. If you will take this estimate, and we will take one apiece, I should like to ask you as to these different places and their relative importance. I should like to start with the proposition

that we may not be able to give any, or we might possibly be able to give all, but I should like to know which are the most important in the list here, in your estimation.

Mr. HERNDON. The most important positions are the high-grade places that we have asked for, as many of those as can be given, and in addition to that we ought to have those two clerk counters at $1,400, and the four at $1,200, and the two messengers. Those are more important than any others.

Senator CURTIS. I was told that some of the counters were to be discharged July 1.

Mr. HERNDON. Yes, sir.

Senator CURTIS. Why can not those counters in other departments, whose services are going to be dispensed with, be transferred to your department, if they are good?

Mr. HERNDON. They are going to be dropped from the rolls. There is no appropriation made for them.

Senator CURTIS. Oh! I understand now. I misunderstood. I understood that they were to be dropped from the rolls because their services were not needed where they were engaged.

Mr. HERNDON. Oh, no.

Senator CURTIS. I see.

Mr. HERNDON. We have 20 detailed to the Issue Division alone at the present time.

The CHAIRMAN. It is because of the cuts in the other divisions.

Senator CURTIS. I understand.

Senator JONES of Washington. Let me ask whether or not the heads of these various divisions have gotten together since the appropriation act was passed providing for the fiscal year 1922 to see whether or not the force that is left to them could be arranged and distributed so as to take care of the work?

Mr. HERNDON. No, sir; there has been no consultation other than tween Mr. Cutts, Mr. Davenport, myself, and the two deputies.

Senator JONES of Washington. Why not?

Mr. HERNDON. We thought we knew the situation accurately.

Senator JONES of Washington. You know the situation in your particular division, or in the work that you have in hand; but it seems to me that when your different heads of divisions know what we provided for the next year, they ought to try to get together and see if they can not get along with it by rearranging the force, if necessary. You have just stated that there are some divisions where they seem to have more messengers than they need.

Mr. HERNDON. Not in our bureau.

Senator JONES of Washington. But in the Treasury Department?

Mr. HERNDON. Yes, sir.

Senator JONES of Washington. Now then, there it is. If there is one division of the Treasury Department that has more than it needs, and they are not cut off, then it seems to me, it is the duty of the Secretary of the Treasury to put those somewhere where they are needed, instead of coming up here and asking us to appropriate money for more.

Mr. HERNDON. That would be perfectly satisfactory to our bureau.

Mr. CRISSINGER. If they would do it; but they will not do it.

Senator JONES of Washington. I think they ought to do it.

Mr. CRISSINGER. They ought to be cut off of them and given to us.

Senator JONES of Washington. I should like to see some attempt made by the officials to come within the appropriations made by Congress to do the work. I should like to see them try to coordinate and rearrange and reorganize so as to take care of the work, but I have not any evidence of it.

Mr. CUTTS. Senator, the difficulty is that the work in our bureau has increased, but there has been no substantial increase in the personnel since about the fiscal year 1916.

Senator JONES of Washington. That may be true; but there may be some personnel in some other division that has not been cut off that could be taken and put in your division.

Mr. CUTTS. I do not know of any law that would authorize our office arbitrarily to take clerks from another office.

Senator GLASS. The matter would have to be initiated by the Secretary of the Treasury.

Senator JONES of Washington. That is what I should like to see done. I should like to see the Secretary of the Treasury initiate the matter in some way. That is the only way in which it will ever be done.

Mr. CUTTS. Of course we all hope, gentlemen, that when this reclassification goes through there will be no necessity for our coming up here and complaining as we have been doing for the last two or three years; but at the same time the work is there to be done, and it can not be done with the present force, and therefore we are compelled to appeal to you for assistance.

Mr. CRISSINGER. I talked to the Assistant Secretary of the Treasury the other day, and they claim that they need the people that we now have detailed from them. I do not know what we are going to do without them, but we can not keep them. They have all got to be turned back to them on the 1st of July. The fact of the matter is that about six weeks ago they came there and took our counters from us out of the Issue Division—six of them, I believe.

Senator JONES of Washington. We will never get any increased efficiency or any reduction in force in any of these departments unless the head of the department tries to bring it about.

Senator GLASS. It seems to me that Mr. Gilbert ought to have accurate knowledge of all these things. He ought to know where the force needs to be increased, and where it may be properly reduced.

Mr. CRISSINGER. I do not think Mr. Gilbert has been in our department since I have been here—that is, down in the divisions. I will leave this appropriation to this committee if you will go up and look in there, two of you, and see the situation.

Senator GLASS. I think you need them.

Mr. CRISSINGER. There is not any question about our needing them.

Senator GLASS. But I am not so sure that there could not be a reduction in some other bureau. Of course, however, you are not concerned in that.

Mr. CRISSINGER. The fact that they are going to take them away from us shows that they need them, too. I do not know whether th y do or not.

Senator CURTIS. At least, they think they do.

Mr. CRISSINGER. They think they do, at any rate.

Mr. CUTTS. It may be true in a number of instances that they need them. On the other hand, if I am not mistaken, I think in the office of the Treasurer of the United States, where most of our details come from, all of those people are going to be dropped for lack of appropriation.

Furthermore, there is another point: I think the Treasurer of the United States recommended that if certain higher-salaried positions were granted his office, a number of these low-salaried places could be dropped from the rolls, and the result was that they had a number of these places vacant that they were unable to fill, and they let us take those places and fill them and detail people to our office. That is the only way in which we got these details.

As I said before, I had one or two in my office—one of them was receiving $720 and the other one was receiving $840, I think—detailed from the Treasurer's office to do clerical work, appointed as money counters, never having had any clerical experience. We just had to take them and do the best we could with them. The same condition is true of several other divisions of the office.

Those are the conditions that we have had to labor under there to try to get the work done.

The CHAIRMAN. That is your picture of the wants down there. Is there anything further?

Mr. CRISSINGER. Nothing further. We are very much obliged to you.

The CHAIRMAN. We are obliged to you for coming and telling us about these things.

Mr. CRISSINGER. We think we need them. If we did not, we would not be here.

STATEMENT OF MR. JOHN F. KRAMER, PROHIBITION COMMISSIONER, AND MR. MILLARD F. WEST, DEPUTY COMMISSIONER OF ACCOUNTS, INTERNAL REVENUE BUREAU.

ENFORCEMENT OF PROHIBITION AND NARCOTIC LAWS.

The CHAIRMAN. Gentlemen, unless there is something special to bring before us, the only thing I desire to know is as to the $200,000 which had been put on in the House for the deficiency for this year. I think I saw in your evidence over on the other side that certain men have been furloughed, and so forth. This bill is getting late, and other things are ahead of it, and it may be some days yet before the bill will get on the floor of the Senate. I should like to know what the condition is as to this $200,000, what it is proposed to do with it, etc.

Mr. WEST. With your permission, I will just make a general statement in regard to the matter.

The CHAIRMAN. Yes. This item was put in on the floor of the House.

Mr. WEST. The original appropriations provided for fiscal year 1921 to enforce the national prohibition act and the antinarcotic laws amounted to $5,500,000, of which amount not more than $750,000 was to be used in enforcing the provisions of the Harrison Narcotic

Law. In January of this year supplemental estimates were submitted to Congress, and request was made that $1,600,000 additional be provided for enforcing the national prohibition act. An additional appropriation of $1,400,000 was provided, thus making available for this fiscal year $6,900,000 to enforce the narcotic and prohibition laws.

It was realized in March of this year, after supplemental appropriations had been provided, that the organization at that time could not be continued, and plans were made to decrease the force to keep expenditures within the appropriation. However, before the plan was put into full excution it was suggested that Congress be asked for a supplemental appropriation; but I believed that since our needs had been explained to Congress, may be it would be best to limit our expenditures to the total appropriation granted—$6,900,000—and reduce the force accordingly.

It was thought about this time that a new commissioner would soon be appointed and the matter was held in abeyance for awhile. As you know, there was some delay in the new commissioner entering upon the duties of the office, and since the time was drawing so near to the end of the fiscal year it was necessary that some definite action be taken in regard to a reduction of the force; so instructions were sent out furloughing approximately 750 field employees for a period of 40 days. In reaching this decision the office was influenced partially by the Executive order that all departments should confine their expenditures to the appropriations provided, and for the further reason that after having made request to Congress for additional funds, and the full amount of the estimate not being approved, and a knowledge that the deficiency bill might not be passed until very late in the year, it was deemed best to reduce the force.

In the early spring it was throught that an additional amount of $200,000 would carry the organization through the year; but unusual expenses arose which were not anticipated in the early spring, such as the continuation of many temporary warehouse guards in Kentucky, the assignment to duty of many guards at the 50 or more breweries seized in Pennsylvania, the increased travel expenses, and the additional expense for securing evidence. The expenses for the first nine months of the fiscal year have been tabulated, and a report of the expenses in April will be available the latter part of this week; but an estimate based on our known expenses leads me to believe that $270,000 additional would be needed to carry the organization prior to decreasing the force on May 20 by approximately 750 field men.

The total expenses for the first nine months of this fiscal year for enforcing the narcotic and prohibition laws amounted to $5,310,368.06 and the expenses for the month of March totaled $660,776.92. If the expenses for April, May, and June were the same as for the month of March, the total expenditures for the year would approximate $7,292,000, to which should be added approximately $38,000 deducted on account of the retirement fund, which would show a deficit of $430,000 on that basis. This is hardly a fair computation, however, because instructions had been issued before the force was reduced to confine expenditures to the minimum, reduce travel expenses, and about 100 temporary guards in Kentucky were relieved from duty on April 30.

A fair basis on which to determine what the approximate deficit would be, on the basis of the organization before the reduction in force was made, is to take the organization as of April 30. The per annum rate of salaries for the force under the directors on that date was $1,032,720; for supervising agents, $1,969,800; for warehouse guards, $588,300; for the special field force working from Washington, $43,000; for the narcotic field force, $363,800; for the special narcotic force working from Washington, $13,050; and for the bureau force $736,480—a total per annum rate for salaries of $4,747,150, and for the three months approximately $1,187,000. The amount allowed for traveling expenses was at the per annum rate of $1,536,000, or $384,000 for the three months. Taking the miscellaneous expenses for the month of April, which totaled $83,600 in round numbers, the miscellaneous expenses for April, May, and June would be $250,800. Adding to this the total expenditures for the nine months of $5,310,368 gives a total in round numbers of $7,132,000, or $232,000 more than the appropriation for the year. To this should be added $38,000 set aside for the retirement fund, thus showing an approximate amount of $270,000 which would have been needed had the organization in April been continued for the rest of the year.

It was estimated that by dropping approximately 750 field men, with an average salary of $1,800 per annum and average travel expense of $900 per annum for 40 days, and by reducing expenditures for the purchase of evidence, possibly the bureau could keep its expenditures within the appropriation of $6,900,000; and instructions went out to the field force to drop approximately 750 field men effective May 20. If the additional appropriation is provided, and does not become effective until about June 10, then the bureau could get by on $135,000 additional and restore the men who have been furloughed; but this would not give very much leeway. I should like to see as much as $200,000 provided anyway, because when an appropriation runs this close it must be remembered that with approximately 62 or 63 disbursing agents they must necessarily carry some small balances in making disbursements, because their expenses can not be figured out to the dollar; and if they only carried an average of $400 it would take about $25,000 to handle advancements without confusion.

Congress has provided for the next fiscal year $7,500,000 for enforcing the narcotic and prohibition laws. I believe a splendid organization can be created with this amount of money. I feel that great credit is due to Mr. Kramer in handling the prohibition work, particularly when consideration is given the many handicaps under which he has labored in the first year of his endeavors. When it is realized that including the bureau force in Washington he only has a total organization of something like 2,800 people, it must be appreciated that to cover the 48 States, Hawaii, and Porto Rico, he has had a very limited organization.

Personally, I do not feel that the organization in the field is along the right lines. As it is to-day, we have a director for each State who handles the permissive features of the prohibition law, and 12 supervising Federal prohibition agents in charge of departments who handle the police end of it. The supervising agents have charge of from two to five States, and some complaint has been raised as to

where the duties of the directors' force end and those of the supervising agents' force begin.

Two plans suggest themselves to me if the prohibition work is to remain with the new Commissioner of Internal Revenue. One is to have a State organization only—that is, have a Federal prohibition director in each State who will not only have charge of the permissive features of the law, but the enforcement work as well, thus doing away with the supervising Federal prohibition agents. The other is that the collectors of internal revenue would supervise the issuance of permits, and each State would be in charge of an enforcement officer, who would do the police work.

Still another plan suggests itself to me, if the prohibition work is left with the Commissioner of Internal Revenue; that is, to have two field forces, the collectors' organization and the internal revenue agents' organization, thus having no separate and distinct prohibition organization at all.

To make this clear, I should state that as the internal-revenue organization stands to-day we have a collectors' force, supervised by 64 collectors of internal revenue, and an internal-revenue agents force, supervised by 35 internal revenue agents in charge of division who look after the income tax and estate tax matters, a directors' force supervised by 48 Federal prohibition directors who look after the permissive features of the prohibition law, and 12 supervising Federal prohibition agents who look after the police work—4 distinct organizations. If the collectors' organization attended to the permissive features of the law, such as the approving of permits and inspection of permittees, then the internal-revenue agents in charge of divisions could organize their forces so as to have a special force under their direction who would look after the police end of the work. This would cut out overhead expenses, and bring together the organizations in a more concrete form, and I believe would be to the interest of the service.

Of course, this is a matter which the new commissioner will soon take up and definite policies will soon be established.

The CHAIRMAN. It is not so important with us what the items are as it is why there should be a deficiency here, and, if a deficiency, whether it was intended to make a deficiency when you started in because you did not get as much appropriated as you wanted, or whether it has come up in the honest, decent way. I beg your pardon for the language. Furthermore, the provision put in by the House does not specify exactly how it ought to go, and I think it ought to go under that head in order to agree with what we have appropriated in the former bills; and I want you to see whether that would be the proper head.

Mr. WEST. That would be entirely right, with the exception, of course, that we do not need any of it for the narcotic enforcement. It is a lump sum appropriation. That would be right.

The CHAIRMAN. You want to assure us that this is an honest-to-God deficiency that comes as an accident or an incident, rather than an intention to run over the lines that we marked out for you?

Mr. WEST. Absolutely. That was put in one the floor of the House, and I think we need every dollar of it. We would have gone along the line that we had proceeded on in 1920, and reduced our force by 750 men. That is unfortunate. The delay was really brought about on account of the delay in selecting a new commissioner. Had I had my way, we would have started out in March and reduced then, because we then knew that Congress had curtailed our appropriation by $200,000. We needed every dollar of the $1,600,000, and we have had expenses which we did not anticipate at that time which would have increased it, because we have had numerous seizures of breweries in Pennsylvania, nearly 50 in number, for violations of the law, and we have had to put men there to guard them. They are there now, and some of them are being closed. Offers of compromise were accepted for the civil liabilities, and we removed the guards. That still leaves the brewers liable to the criminal liabilities.

The CHAIRMAN. If we clean you up here to the first of the year, what assurance have we that you are going to keep inside the appropriation for next year?

Mr. WEST. I feel this way myself: With $7,500,000 for next year—and that is what you have provided, $600,000 more than we now have, and with a new organization—I have never been in sympathy with the present organization; I do not like the way it is arranged—I think we can reorganize, rearrange the work, assuming that it is left with the Commissioner on Internal Revenue, and have a better force and a better organization and get along splendidly on $7,500,000, although any one realizes that to try to enforce the prohibition act with a small force is very difficult.

The CHAIRMAN. Does any member of the committee wish to ask any questions?

Senator JONES of Washington. As I understand, you think that with proper organization you can get along all right next year without any deficiency, with the money that we have provided?

Mr. WEST. I will say that we will never be here for another deficiency on the 1922 appropriation already provided, and I believe it can be handled well and have a better organization than we have now.

Senator JONES of Washington. And really get a better enforcement of the law?

Mr. WEST. Thereby resulting in better enforcement of the law; yes, sir.

Senator PHIPPS. You are satisfied that you can get along with seven and a half million dollars and have a better enforcement; but do you think any amount of money that could be expended would bring about real enforcement?

Senator CURTIS. It takes time to enforce a law. None of these prohibition laws can be enforced at once. It takes time and it will gradually get easier to enforce them.

Senator PHIPPS. That is a debatable question, too. I am rather seeking for information, Senator. Here is a gentleman who has had his hands right on this business here; and if he can tell me how nearly he thinks the department is going to be able to enforce the laws on the statute books, I should like to have that information.

Senator CURTIS. I had the pleasure of practicing law under the prohibition law for 10 years, four of which I was prosecutor, and I know you gradually get the law so that you can enforce it easier and better. At least, that is my experience, and I think that would be the experience of the department. That is why I interrupted.

The CHAIRMAN. Do you feel that you are making reasonable progress?

Mr. WEST. I think Mr. Kramer has done a remarkably good work, and has made wonderful progress under tremendous handicaps.

The CHAIRMAN. We are not disposed to find fault with individuals. We want to know whether, under the system, you can get the complete recovery that is sought.

Senator JONES of Washington. Better enforcement of the law this year than last year.

Mr. KRAMER. In answer to the Senator's question, I will say that here is the thing that the Senators could well keep in mind, I think, for the future: As we go along, the States are helping us a great deal. When we began with our work Ohio had no law, Missouri had no law, New York had no law, New Jersey none, Pennsylvania none— that is, no State law that would fit in with our Federal law—so that the burden of the work there rested almost entirely with the Federal officials. Now Ohio has practically a Volstead Act, New Jersey has, New York has, and Pennsylvania has a pretty good law—not quite as strict as the Volstead law—but I think you gentlemen may consider that as the work progresses, just as Senator Curtis said, it will become easier and easier, not only because of the natural growth in sentiment, but because the States themselves will lend and be able to lend better and better support as we proceed.

I should like to supplement what Mr. West said. With $7,500,000 next year, I do not believe that Congrees ought to appropriate any more. I think that with $7,500,000 the department can readily carry on the work, and get much better results than we could this year under the circumstances. I think you would be safe in relying on that statement.

The CHAIRMAN. We are glad to have that assurance.

Senator PHIPPS. Have you any information as to the home manufacture, the brewing and making of wine, whether that is growing largely or not?

Mr. KRAMER. The home manufacture possibly of wine is a troublesome question yet among certain people. The brewing in the homes is a matter that I do not think need cause much alarm. It was a sort of a fad. Lots of those who were at it, so far as we can learn, are now becoming disgusted with it themselves, and the distilling, too; but the manufacture of wine is a little bit of a different proposition, especially among the Italian people, as we all know, for instance. They have been used to that, and that is still a problem. The Volstead Act provides, of course, that so long as it is nonintoxicating in fact it can be made in the home; but that is a problem, and possibly will remain a problem.

I never was much worried, however, about the brewing in the home and the distilling in the home. We have had some trouble with that, but I do not think it has increased in the least; rather, from what I can learn, it has decreased. People themselves have naturally dropped out of it.

Senator CURTIS. We do not hear so much talk about it any more.

Mr. KRAMER. At any rate, we do not hear so much talk. That is one thing that is sure; we do not hear so much talk.

The CHAIRMAN. Gentlemen, we are much obliged to you for the information. Is there anything further?

Mr. KRAMER. No.

SHIPPING BOARD.

STATEMENTS OF ADMIRAL W. S. BENSON, CHAIRMAN, UNITED STATES SHIPPING BOARD, AND MR. ALONZO TWEEDALE, GENERAL COMPTROLLER.

UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION.

The CHAIRMAN. We will be glad now to hear from Admiral Benson.

Admiral BENSON. Mr. Chairman, I wondered if you wanted me to make a general statement, and then get a general statement from the comptroller, Mr. Tweedale?

The CHAIRMAN. In the first place, I think we ought to ask, in general, whether the House in their final adjudication of this, have covered entirely what you want to bring before us?

Admiral BENSON. They have not, sir. As it comes from the House, as I understand the bill, the sum of $36,000,000 that was asked for this year was made available only for construction, and then an amendment was put on to that, allowing us to use for operation any moneys that we had not used from our revenues from the 1st of April up to the passage of the bill, on construction; allowing us to put that in operations. Now, if that goes through, that will be sufficient to carry us through until the 1st of July, both for operation and construction. But the only other money appropriated by the House was $25,000,000 for construction only, and that leaves us nothing for operating expenses.

The CHAIRMAN: You ask for about $50,000,000?

Admiral BENSON: We want $50,000,000 additional for operations.

The CHAIRMAN: What you call a revolving fund, in a way?

Admiral BENSON. We would like to have it, Mr. Chairman, if we could, as a budget. For instance, we want about $21,000,000 for operations, $15,000,000 for overhead and expenses, and $40,000,000 for claims. Of course it is hard to tell what our claims will be, but there will be claims.

Senator CURTIS. Why do you want an appropriation for claims now?

Admiral BENSON. Because we want to settle the claims as fast as we can, now. There are a good many claims we can settle with great advantage to the Government if we can settle them promptly. For instance, there is one which has come up in the last few days where they claim a little more than four million dollars, and carefully auditing and going over this claim, if we can settle it within a reasonably short time, we can settle it for a little over three million dollars; and there are many other claims of the same kind. If they are carried on and the claimants decide to go to the Court of Claims, they will probably recover very much larger sums, and we feel that it is to the advantage of the situation to have the money and make the settlements as fast as they can be adjusted.

The CHAIRMAN. Do you feel that you have proper legislation to go on and settle claims of that kind against the Government, without further legislation?

Senator JONES of Washington. The marine act provides for it.

The CHAIRMAN. Yes; I just wanted to know where it was.

Senator JONES of Washington. Yes, it is provided for in the marine act. As I take it, admiral, if these claimants could get the cash promptly, in view of their business and their business surroundings at this time, they would prefer to settle these claims for a much smaller amount.

Admiral BENSON. Exactly so.

Senator JONES of Washington. Than if they had to go to judgment and that sort of thing?

Admiral BENSON. Yes, sir; and not only will it be to the advantage of the Government, but I think it is something that will appeal to the contractors. There are many of them who need money in their business to go ahead with. Some of these claims have been pending for a long time. Of course you all know the handicap under which we have been acting; but even acting alone, I have tried to adjust and settle as many of the claims as I possibly could. But as it stands now it will leave us without any money either for settling claims or for operations.

In regard to that I would like to state, if I may, that I feel that I have made every possible effort to reduce expenses and to increase revenues. I have gone so far even as to issue an order, and enforce it, that nobody, even the head of a division, nobody in the organization, can do any traveling without an order signed by the chairman himself. I have gone in and tried to analyze the accounting, and cut off, every place, every expense that I possibly could, and have gotten rid of all our assets that we could dispose of, such as bonds and things of that sort, and I have tried to collect every cent of money due; and we have reduced our fair bills from a little over $6,000,000 a month to a little over $2,000,000 a month, and I feel that I have reduced the overhead and real running expenses of the organization, in the last year, easily $10,000,000 or $12,000,000, and we are still making reductions. I feel now that I have really made every possible effort to reduce the expenses. Of course you all know that the depression of freight rates and the scarcity of cargoes has made it impossible for us to get more than a very little revenue; but the situation there is improving, and I think will continue to improve somewhat.

Of course this strike has, in a way, affected a few of our ships, but I think we will more than compensate for that by a reduction in the expense of operation.

Senator CURTIS. What are we running behind now, on the Shipping Board, per day? What is it costing the Government?

Admiral BENSON. It would be between $4,000,000 and $5,000,000 a month, I should say, sir.

Senator CURTIS. I asked that question because it was stated yesterday publicly on the floor, and among a number of senators, that it was $1,500,000 per day.

Admiral BENSON. That is not true, Senator.

The CHAIRMAN. The sound of that phrase "a million a day" has caused it to be used many times.

Senator CURTIS. Yes; I know that, and that is why I wanted to get at the fact, because it is something we ought to know.

The CHAIRMAN. As to these smaller items here, the salaries and so forth, they are all right as they are in the bill?

Admiral BENSON. Yes.

The CHAIRMAN. Then we come to the larger items.

EMERGENCY SHIPPING FUND. Toward the completion of vessels now under construction, $36,852,000.

In the House the following provision was adopted:

Provided, That this appropriation shall be available for any authorized expenditure of the United States Shipping Board Emergency Fleet Corporation in an amount not to exceed the sums expended by such Corporation from April 1, 1921, to the date of the approval of this Act on account of vessels under construction during that period.

Then the next item of the bill is:

For the completion of vessels now under construction, fiscal year 1922, $25,000,000.

Is that sufficient, so far as that goes?

Admiral BENSON. That is sufficient for that particular purpose; but you see, it leaves us absolutely nothing for 1922 for operation or for claims, except what we will have left over of the amount we have put in since the 1st of April, this year, for construction. That will carry it to the 1st of July, I believe.

Senator CURTIS. What have you in the regular bill for the 1922 appropriation?

Senator JONES of Washington. Nothing, except receipts from operations, and that is limited to a certain amount. That is my recollection.

Admiral BENSON. Yes; $55,000,000.

The CHAIRMAN. I am very much afraid that we will not be able, under the circumstances, to do anything under this bill to handle that in any way in connection with that other bill.

Senator JONES of Washington. I think we must do something, or we will have our ships tied up all over the world. I want Admiral Benson to go into that a little more fully.

What will be the effect, Admiral, if we do not provide money to take care of the operating expenses of these ships?

Admiral BENSON. We will be unable to operate our ships further, and wherever they may be, in foreign ports or elsewhere, they will simply stop right there; and our ships will be libeled, our crews will be entitled to overtime pay, and it will be simply impossible to calculate what the expense will be; to say nothing of the national disgrace that will result, to put it in plain language. That is what it will be. We have not any money at all, and it is simply "a groundhog case," and if we do not get the money we can not go on. We have not got it. I have used every possible means in my power to reduce expenses and to save money and to utilize it in the best possible way.

The CHAIRMAN. It is a bad matter. Now, where is the hope for it, even to fix it now?

Admiral BENSON. Simply that you give us the $50,000,000 so that we can utilize it for running the organization for the next six months. That it is the only possible hope.

The CHAIRMAN. That is a hope. What is the certainty?

Admiral BENSON. We feel that we can do it on that. That is the amount that we feel we can do it on.

The CHAIRMAN. As a matter of fact, you have ships, both steel and wood, now rotting out, and at a big expense to us?

Admiral BENSON. We have wooden ships; yes.

Senator CURTIS. I had a letter the other day from a southern town stating that you people were paying more for watching ships down there than the whole bunch was worth.

Admiral BENSON. That is possibly true, Senator.

Senator CURTIS. Then why not give those ships away?

Admiral BENSON. If you will pass a law authorizing me to set fire to them and burn them, I will do it right away. But I can not dispose of that property. I would like to say right here to the committee that when I took those ships over they were costing us from $2,500 to $3,000 a month for upkeep and maintenance, and to-day I do not think they are costing us over $100 a month.

Senator CURTIS. You have authority to sell them?

Admiral BENSON. Yes.

Senator CURTIS. Why do you not sell them at any price and get rid of them?

Admiral BENSON. We will take almost any offer we can get for them, but we can not get an offer.

Senator JONES of Washington. There is no market for ships of any kind now.

Admiral BENSON. No; you could not give those wooden ships away, if they had to maintain them. We have been trying to sell them abroad. We have sent some of them into the Adriatic and other places, and we have gotten the commander in chief of our naval forces to go and send around to Government officials and use every possible means, and they have done it with the greatest possible zeal and earnestness, to get those ships sold, and we can not get an offer for them.

Senator NEWBERRY. How many ships are you operating?

Admiral BENSON. We are operating 708. Of course those are steel ships. All our wooden ships are laid up.

Senator NEWBERRY. As I understood you, those ships can not earn the wages of their crew and their maintenance?

Admiral BENSON. That is hardly a fair statement.

The CHAIRMAN. If you did not have money, they would stop in the foreign ports, or wherever they were, and you could not get them out?

Admiral BENSON. Yes, we would have to advance the money. Some of them could run. The first one of our trans-Pacific cargo ships got back to San Francisco the other day, and we will clear up $7,000 or $8,000 on that first trip of that one; but there are others; and there are other lines that we feel we must maintain. My understanding of the law is that we must maintain certain routes, and we are at that with the utmost economy in order to maintain those few.

I have on my desk now, for instance, requests for over $1,000,000 to distribute out to keep these routes going.

Senator JONES of Washington. You hope that if these ships can be kept going for six months, business conditions and so forth will improve so that you may possibly be able to make expenses and keep the business going.

Admiral BENSON. Yes, sir. For instance, all the revenues that we have been getting, in times past when freights were high, have gone into building; and we have not had appropriations from Congress to run these ships. They have been run on their own revenues.

Senator JONES of Washington. You have had to take out of those revenues money with which to build ships?

Admiral BENSON. We have spent $180,000,000 the last year in construction.

Senator JONES of Washington. That came out of the operating expenses?

Admiral BENSON. That came out of the operating expenses; and, as you know, there were certain periods when the Shipping Board had to do a lot of transport service for the other departments of the Government. I remember one bill of $6,000,000 for the Food Administration. We had to compromise with the War Department last year for a large sum, because we had to have the money, and we had no appropriation.

The CHAIRMAN. Have they paid you?

Admiral BENSON. No; they settled it with us. We owe them, as a matter of fact, a couple of million dollars now.

The CHAIRMAN. There were a certain number of bushels of corn, and so forth, asked for, for helping the Chinese, and the corn was to be contributed by certain western States, provided transportation was obtained.

Admiral BENSON. They did not get that through, I think.

Senator JONES of Washington. That did not pass the House.

Senator CURTIS. The appropriation was not made.

Senator PHIPPS. Not in the House.

The CHAIRMAN. I was under the impression that it did pass the House.

Senator PHIPPS. No; they could not get it through the House.

Senator JONES of Washington. As I understand the situation, it can be summed up in this way, that the Government owns these ships, and it is running them now and has been running many of them, at any rate, in certain routes, and others are engaged in commerce between this country and other countries. Unless they get some money to take care of the operating expenses these ships will be tied up.

Admiral BENSON. Yes, sir.

Senator JONES of Washington. And these routes will be abandoned.

Admiral BENSON. Yes.

Senator JONES of Washington. The commerce of the country, if it is carried at all, will be carried in alien ships.

Admiral BENSON. Yes, sir.

Senator NEWBERRY. Are there no privately owned American ships?

Admiral BENSON. Not enough to carry out commerce, Senator, nothing like it. There are very few of them. The relative percentage of privately owned ships tied up is much the same as that of Government ships, and they are hard up against it. But you must take this into consideration. Those companies—most of the old companies—have a lot of money that they have made during the flush times, and they are running on that, now. They are running their ships at a loss, a great many of them, as they state; but they will lose their organization and their routes, if they do not keep going, and they have got to keep it up; and as I said, if we had the money that we have made, we would certainly not come to Congress for any appropriation. We could have run the Shipping Board

vessels we have got for a good long time without appropriation. But that money has been utilized for other purposes, and it has gone into Government use.

Of course, while there may have been extravagance, we have tried to keep that down, and as I say, I feel in coming here and asking for money to do it that I have made every possible reduction, and I invite the closest scrutiny of what we are doing in order to reduce expenses. We simply can not go on without it. It would be wrong for me to give you any other view of the situation than that we simply can not do it.

Senator JONES of Washington. Admiral, what is the use to go on and finish the construction of ships that are now under way if we are not going to operate them and provide for their operation?

Admiral BENSON. There is no use at all, Senator; and if you are going to do one of two things, it would really be better to appropriate this money to operate the ships than it would to complete the building of ships that are now under construction. I say that is one of two things. Of course you can stop. Those ships are in the shipyards and at any time work can be stopped on them. Of course to do that would increase their cost somewhat. The builders would come back for claims against the Government for interrupting their work. But that can easily be done. But we can not—can not, I say, in all decency and propriety, nationally we can not—afford to take the other horn of the dilemma and stop our ships that we have running.

Senator JONES of Washington. The loss from stopping the building of a few ships would not be comparable to the loss to the Government from the stopping of ships that are being operated?

Admiral BENSON. It is not to be mentioned at all in comparison with that loss. Of course there is another thing to be taken into consideration. Most of these ships that are being built are ships that we decided to continue construction on instead of making cancellations, so that it is practically impossible to stop it altogether.

Then we would have facing us another proposition. We would have to take up all the cancellation claims on the vessels involved and to pay out large sums to contractors that we contracted with to build the ships.

Senator JONES of Washington. I am not even suggesting that these contracts on these ships should be stopped, because it was deemed, as I understand, that it was the best thing for the Government to carry on those contracts, because of the loss if we stopped them; but if we had to either stop that construction or stop the operation of these ships, the greater loss to the Government would be, in commerce, money, and everything, from stopping the operation of these ships?

Admiral BENSON. You might as well give up the whole question of the merchant marine; that is all it amounts to. If you are not going to give the money to run these ships, you might as well break up the whole situation as to the merchant marine, because that is what it means.

Senator JONES of Washington. The Government, as the largest owner of ships, is confronted with a depressed situation in the shipping proposition, and if it gives up and lets its shipping go, we simply abandon our merchant marine?

Admiral BENSON. Exactly; and I would like to say that I have brought all the pressure possible to bear on the shipbuilders to reduce the pay of the labor. Most of the yards have reduced it 10 per cent. I think they will try and bring pressure to bear to reduce it still more. Every possible means has been used that I can conceive of to reduce expense. As I said just now, I have reduced it very, very materially. Just at present, on the question of repair, we have reduced that from over $6.000,000 a quarter, to a little over $2,000,000. That has a double effect. Not only has it reduced the expense for repair to the Government ships—the merchant fleet—but it has reduced the repair to the privately owned ships, and it will reduce the cost of insurance, because of course the cost of insurance is largely due to the percentage of repairs, and the cost of repairs; so that it has been even a bigger reduction than from a little over $6,000,000 to a little over $2,000,000, because it has helped insurance and it has helped the whole situation, even with our privately owned ships.

Senator JONES of Washington. Can you give us any estimate of the amounts of the claims that you have adjusted but not paid?

Admiral BENSON. I do not think I could——

Senator JONES of Washington. Approximately?

Admiral BENSON. About $40,000,000 is what we are asking for, sir. We have not really adjusted claims to that amount, but we estimated that that would cover the claims we have to settle; and of course our hope is to practically settle all of them within the next six months.

I would say this, that there may be no misunderstanding, that some of these claims are of such character that while I myself would not shirk the responsibility of adjusting and settling them, there were certain claims that involved a certain kind of policy that might handicap the incoming board, and I have tried to let them alone so that I would not do something individually that might handicap the incoming board. That is the only restriction that I have worked under; and I have tried to be very careful about that; and I have had in view the shortage of our funds, and there are some of them I have deliberately put off as long as I could.

Senator GLASS. Admiral, a while ago you spoke of a claim for $4,000,000, which you said might or would probably be allowed by the Court of Claims if it was taken to that court, but which you might settle now for $5,000,000. Do you think those people ought to have $4,000,000?

Admiral BENSON. Well, that would be as the case was reported to me. I did not go into all the details of it, Senator. There are certain points in a good many of these claims that, if carried before a court, would be of considerable weight. For instance, take the question of profits—anticipated profits—and making the claimants whole in certain respects. In a case of that kind, brought before a court and argued with all its technicalities, with an appeal for justice for something that was done under the pressure of war and for the good of the country, and all that kind of thing, we believe that would have its effect, and the possibility is that the courts in many cases would decide that they were entitled to more then they are now willing to take; and they are willing to take it because they can not get the money from the banks and they have got business to run. Probably $3,000,000 or $3,500,000 would be worth more to this

company now than $4,000,000 or perhaps $5,000,000 would be worth after a long litigation in the courts. I look upon it as a business proposition.

Senator GLASS. I was wondering whether the Government ought to take advantage of its citizens who are in dire need of money, and practically take away from them what is properly coming to them.

Admiral BENSON. Well, you see we are controlled by certain law and regulations, and we can only make certain allowances in accordance with the law and the precedents that have been established, and we can not depart from that. We can not exercise discretion as a court does, and it is not our intention, really, to take advantage of them. There is no intention of that. Of course they would do it as a voluntary act.

The comptrollers and auditors go over an account, and there are certain things that they do not allow; they do not feel that the law as it stands will cover them. If either the contractors or the people who are making the claim feel that they ought to be allowed that, but if on the final statement they are willing to accept the decision of our comptrollers and auditors according to our interpretation of the law, instead of waiting to carry it before a judge or a court to have the court decide what the law is, I do not think that is taking advantage of anybody.

Senator GLASS. I quite agree that you ought to agree to the determination of your auditors; and if they are willing to accept the decision of the auditors, at least; but if you think you owe them four million dollars, I do not think that the Government has any right to pay them only three million dollars simply because they are hard up.

Senator JONES of Washington. I agree with Senator Glass in that. I have heard of a case—not recently, however—where there was apparently an attempt really to hold up a citizen because of the power of the Government, and they used that power to make the citizen accept a less amount. Now, I do not believe in that. I do not think that is right. I do not think that the Government ought to take that position.

Senator GLASS. The Internal Revenue Bureau of this country deals with the average citizen as if he were a criminal, and insists that he must prove that he is an honest man before they will make a settlement with him.

Senator JONES of Washington. I do not believe in that. I do not think that the Government ought to take that attitude; but I do agree, as Admiral Benson has suggested, that when they make an honest effort to find out what is due—and of course there are differences of opinion with reference to these matters—I can see how the claimants would much prefer to take a certain amount of cash that the Government officials say under the law, and the principles that they think should govern, the claimants should have; I can see how they would prefer to take that rather than to wait, and so on.

Senator GLASS. Of course, that is all right.

Senator JONES of Washington. And where they have reached a conclusion with reference to these claims, and the Government and the claimants are satisfied as to the amount, I believe we ought to appropriate the money and provide for its payment. That is what

I think about it; because we will cause almost irreparable loss on the part of the claimants by not doing that very thing.

Senator GLASS. I quite agree.

The CHAIRMAN. Have you anything further, Admiral?

Admiral BENSON. The comptroller is here and he has something to offer.

I would like to say again, because then the responsibility will no longer be mine, that we have simply got to have the money to operate these ships. We have asked for $50,000,000 for the next six months, because we think that is what we need for these various purposes. Of course, that is with you to decide how much money you will give us, but I want to say that we simply can not run the organization without some money, and I promise, as long as I am in a position to do it, to run it with the very greatest possible economy and efficiency.

Senator JONES of Washington. Admiral, I do not understand these figures you gave a moment ago. You want $21,000,000 for what?

Admiral BENSON. That is for operation.

Senator JONES of Washington. And $15,000,000 is for what?

Admiral BENSON. For overhead expenses; rent of warehouses, and everything of that kind.

Senator JONES of Washington. Then $40,000,000 if for claims.

Admiral BENSON. $40,000,000 was the estimate for claims.

Senator JONES of Washington. I understood you to say that you would take care of all this for $50,000,000.

Admiral BENSON. Yes.

Mr. TWEEDALE. Yes, sir.

Senator JONES of Washington. Could you take care of the $21,000,000, the $15,000,000, and the $40,000,000, and do that with what you have now and with what other receipts you get in?

Admiral BENSON. Yes, sir.

Senator JONES of Washington. In other words, with this $50,000,000 and with what you would get in, you think you could take care of the situation?

Admiral BENSON. Yes; that is the idea.

Senator JONES of Washington. And as I understand it, you put it up to us that unless we give you this $50,000,000, or approximately that, our ships will be tied up and our merchant marine will probably be done away with.

Admiral BENSON. That is the way I see it.

Senator JONES of Washington. In other words, the responsibility now is ours?

Admiral BENSON. Yes. Of course if you give us a smaller amount, we will run it the best we can, and do the best we can with that. The comptroller has one or two things here.

Mr. TWEEDALE. The sundry civil act making appropriations for the fiscal year ending June 30, 1922, provided that certain moneys should be available for the fleet corporation.

First is the balance on hand July 1, 1921. Second is the amount received during the fiscal year 1922 from the operation of ships. Third is any moneys derived from the sale of ships or material, and it provided that we should use not to exceed, $55,000,000 out of the last two sources.

As you gentlemen well know, the sale of ships at the present time is impracticable. The sale of material is almost negligible on account of financial conditions and the market.

What I am suggesting here is that instead of tying down that $55,000,000 to the sale of ships and the sale of material, you should allow us to use any money that we can raise, coming in from any source of revenue, so that we will get that money in addition to the appropriation; because we know we will need it all. I have suggested the following provision:

Provided, That the provision contained in the sundry civil act, approved March 4, 1921, authorizing $55,000,000 to be used for expenses of the Fleet Corporation from certain specific sources, is hereby amended so as to provide that said sum may be derived from any income received by the Fleet Corporation during the fiscal year ending June 30, 1922.

The CHAIRMAN. That is, over and above and aside from this?

Mr. TWEEDALE. Yes, sir; that is in addition.

The CHAIRMAN. You say you want $50,000,000. Is this a matter of enlarging those figures, or does it come within that?

Senator JONES of Washington. One is for construction and the other is operation.

Mr. TWEEDALE. We would like the general language that was contained in the bill to provide for this additional money. The language contained in the bill is:

The expenses of the United States Shipping Board Emergency Fleet Corporation during the fiscal year ending June 30, 1922, for administrative purposes, the payment of claims arising from the cancellation of contracts, damage charges and miscellaneous adjustments, maintenance and operation of vessels, the completion of vessels now under construction, and for carrying out the provisions of the act entitled, "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes."

We would like to have that amount included.

The CHAIRMAN. You know, this is a bill in which we can not put in legislation.

Mr. TWEEDALE. That is the language of the regular appropriation, which I have quoted.

The CHAIRMAN. Yes. We have been forced to break our rule. I do not know how far we could stretch it.

Senator JONES of Washington. Let me suggest, Mr. Chairman, that the provision in the appropriation bill now is absolutely in violation of the law, and it was put in by the House. It is a clear repudiation or repeal, rather—of the provision in the merchant marine act.

The CHAIRMAN. To what language do you refer?

Senator JONES of Washington. That in the present act, for 1922.

The CHAIRMAN. Yes; I remember.

Senator JONES of Washington. All that Mr. Tweedale is really suggesting is to undo what we did on the appropriation bill.

The CHAIRMAN. That was the suggestion so far as spending the receipts goes. But in adding this 40 or 50 millions of dollars, if we add it I want to know where that comes under that same language, and just how you are going to fit it in, or whether you want to add it here to this $25,000,000.

Mr. TWEEDALE. I think that $25,000,000 ought to be increased by $50,000,000, making it $75,000,000; and that the $75,000,000 should be made available for the purpose of the regular appropriation act, because that is all inclusive.

Senator JONES of Washington. If they use this language that is suggested here in the estimate, that is what you want to do?

Mr. TWEEDALE. I think that is the language; yes, sir.

Admiral BENSON. As it is now, we can only spend the money for construction.

Mr. TWEEDALE. That is the language we ask for; yes, sir.

Senator JONES of Washington. In other words, you would strike out lines 7 and 8 on page 15 of the bill?

Mr. TWEEDALE. Yes, sir.

Senator JONES of Washington. And then insert what is in this estimate, making it $75,000,000.

Mr. TWEEDALE. Yes; and that is the regular appropriation language.

Senator JONES of Washington. Yes. Then this proviso in the amendment, would that go right on to that?

Mr. TWEEDALE. Yes.

Senator PHIPPS. It would be in addition.

Mr. TWEEDALE. Yes.

TREASURY DEPARTMENT.

STATEMENT OF MR. JAMES A. WETMORE, ACTING SUPERVISING ARCHITECT OF THE TREASURY.

The CHAIRMAN. This deficiency bill is to make up deficiencies to the 30th of June, and no further.

OPERATING SUPPLIES FOR PUBLIC BUILDINGS.

Mr. WETMORE. That is all I have here. The Secretary of the Treasury estimated for an item of $650,000 for the fiscal year under the item of operating supplies for public buildings. The House bill as it passed carried $2,500,000 for this purpose, and the deficiency is actually $650,000 that we know of, and may possibly exceed that slightly.

The CHAIRMAN. How are you getting along, if you are beyond that?

Mr. WETMORE. We have unpaid bills in our office amounting to $354,768.58, with authorizations that will be represented by vouchers that will come in during the months of June and July for the months of May and June.

The CHAIRMAN. That would indicate that you have been running wild and not keeping within your appropriation. What have you to say about that?

Mr. WETMORE. Hardly that, Senator. This is not a case where there has been an improvident use of a sufficient appropriation, but it is a case where the appropriation was insufficient.

Senator CURTIS. That is just the point. Where the appropriation is insufficient you have no right to create a deficiency unless there is an extraordinary occasion certified to by the President of the United States.

Mr. WETMORE. Senator, that is true; but this situation has existed for 16 years, I think, without a break.

Senator CURTIS. We are going to try to put a stop to that.

Mr. WETMORE. And there was a deficiency appropriation made every year because of insufficient appropriations. This is the item, if you will allow me to explain, out of which the expenses are paid for heat, light, and power, water, ice, removing ashes and rubbish, washing towels, and purchase of all the miscellaneous articles of supplies required by the engineer forces in operating the machinery and mechanical plants in public buildings, and by the janitor force in cleaning and caring for buildings, and the grounds and approaches.

The amount that was appropriated for this year, $2,500,000, was $250,000 less than the expenses of last year and over $190,000 less than the estimate of the department for this service. We have to make our estimates 18 months ahead and we can not tell what the situation is exactly, and on these items where we are asking this increase over the amount expended for the fiscal year 1920 the deficit occurs principally in the item for fuel. Now, as to that, the department endeavored to buy coal as cheaply as they could by contracting for fuel by the carload lot at the mines in every instance where we had storage facilities. In every other case of course we had to buy locally. I am told that the price that we paid for coal at the mines was less than was paid by any other branch of the Government service.

Senator JONES of Washington. Do you know how much you paid?

Mr. WETMORE. Yes, sir; about 60 per cent of what the War Department paid at the mines. We paid an average of $5.30 for bituminous coal at the mines, and about $7.15 for anthracite. The cost of transportation and drayage, after that, made it cost us practically as much to get the coal into the buildings as the coal itself cost at the mines.

There was a 40 per cent increase in freight rates during the year, and that is reflected in the cost of the coal to us in the buildings. It also is reflected in the next item, of power and light, because utility commissions all over the country have increased the rates allowed to these electric-light and gas companies for their services. We had a deficit on that item.

Senator JONES of Washington. Referring to that coal proposition; you cut out the middlemen?

Mr. WETMORE. We cut out all middlemen wherever we had sufficient storage facilities so that we could buy at carload rates.

Senator JONES of Washington. Yet the cost to you here was practically twice what it was at the mouth of the mine?

Mr. WETMORE. Yes.

Senator JONES of Washington. In other words, bituminous coal was over $10 a ton and anthracite coal was over $14 a ton after you got it in?

Mr. WETMORE. About that.

Senator JONES of Washington. Eliminating all middlemen?

Mr. WETMORE. That is my understanding. We had no profit to pay to the middlemen or dealers. Now that, of course, did not apply to the rented buildings, because there is not a rented building in which we have storage facilities to put in the coal in carload lots, and in some cases we are heating with oil. Of course I should have said that included in that was the freight and the drayage to the building.

Another item on which the deficit appears large is the miscellaneous supplies used in public buildings. That includes such things as brooms, brushes, mops, and sponges, and scouring powders, and all those items for which expense is met in the cleaning of buildings.

At the beginning of this year, after consultation with the members of the Appropriations Committee of the House, we established a store room in New York City for the purchase in large quantities of these miscellaneous supplies for cleaning public buildings, because of two or three things. We found we could buy cheaper by getting competition on large quantities. We found we could get a standardization actually that we could not get in any other way, because when we bought all around the country we ourselves never saw the materials that went into the buildings, except as samples were sent back to us; but as it is now, these things go to a storekeeper in New York who has an opportunity of standardizing everything that we require, of a character that we can ship out without having the transportation charge eat up the profit. Our savings that we made this year on that one item were $60,000.

We have at the office at the present time vouchers to the extent of $354,768.58. They are largely for fuel or for railroad transportation. One or the other. We have given preference since about the 24th day of March, in any use of the balance that we had in the office, to the payment of vouchers where we could get a discount. That is to say, in the payment for gas, electricity, and water; and that discount, like the discount we have here in Washington on our gas and electric light bills, amounts to $60,000 a year if taken advantage of, and we have taken advantage of it right straight along. We count on $5,000 a month for that purpose. I have a balance to-day of the appropriation of $51,000. These discount vouchers are running about $80,000 a month, so that we will probably lose our discounts for the month of May; but if we get a deficiency of any kind, so that we can take care of those, we will save the $5,000 for June.

Senator JONES of Washington. As to the question of utilizing this appropriation so as to have no deficiency, that is not possible to do and maintain the buildings in condition for use?

Mr. WETMORE. The cut that was made in the appropriation was equivalent to 30 per cent. Of course you can not do what I am going to say now, it is not a possible thing, but I will use it for an illustration. Suppose we should go into the communities where it is customary to have heat in the buildings for six months in the year, and say "Congress has cut down this appropriation. You can heat your building for four months only instead of six months." Then suppose we should go into another community where it is customary to heat the buildings for four months, and we should say to them, "You can heat your building for only three months of the year. We have not got money enough for four months." Then suppose we would go to those who heat their buildings for three months and we would say to them, "You can have heat for only two-thirds of the time, because we have not money enough except for two-thirds." Likewise in regard to ice water for operating your tanks and for drinking purposes; and that is the way it would go, if you could go through and apportion it all by items.

Of course, that is not the way it would happen. What you would have to do would be to cut out certain things. Congress has given

just money enough for a certain amount of coal. I say coal when I mean fuel. I should use the word "fuel," because we have other means of heating. They have furnished money enough to pay for fuel for public buildings during the customary heating season, and for fuel in addition to that in buildings where we have plants that are operated for power, for the necessary light, including lighting supplies. We pay, of course, our lighting bills to the companies; and in addition to that we have to buy the customary electric-light bulbs and glassware and those things that break, switches and articles of that kind; and to remove the ashes and rubbish that would result; and that would be all that you could do. There would not be a dollar left for ice, for washing towels, or for any other miscellaneous supplies needed for the janitor's force, for sweeping and dusting and cleaning buildings; not a cent for tools, to nail a board up in the floor, if there was anything that a janitor could attend to. There would not be a dollar for grease or oils that the engineer needs to keep his machinery running. That is the situation.

The history of the appropriation has been that for 16 years there has been just this sort of condition. They would give us only a certain amount, and then we would have to come back for a deficiency appropriation.

For 1920, last year, the estimate of the appropriation was for $2,918,000. The appropriation given us was $2,300,000, followed by a deficiency appropriation of $401,417.73, and later by another of $27,000. That was the situation last year.

This year we asked for $2,690,100. They gave us $2,500,000. I see the estimate that year was $250,000 less than we had expended in the previous year, and they gave us practically $200,000 less than we asked for.

This particular year we asked for $3,455,500, and we got $2,500,000.

The CHAIRMAN. Do you have inspectors or others in authority who brace up these postmasters to take care of these buildings in regard to light and heat? You know how much you can waste by going off and leaving everything steaming all night.

Mr. WETMORE. Yes; we have five inspectors for 1,250 buildings. Their instructions are to visit these buildings and to carefully look into the question of expenditure of this appropriation. They are required to call the attention of the custodian, every time they go to a building, to the fact that any unnecessary use of light is forbidden, and that any unnecessary use of any of the supplies that are paid for out of this appropriation is forbidden. Now, those five men can not cover this country very frequently. They get back to a building again maybe after three or four months. They may find an unsatisfactory condition, and they give directions to correct it, and the next time they come back to that building they look to see if that thing has been done. They look into that. I could not say, of course, that there is no waste. It would be, perhaps, praising the public service a little too highly to say that everybody would look after the public business as well as he would after his own. We have custodians, that are unfit, in the service of the Government. But we do not, as a rule, get reports from our inspectors of extravagance or any absolute notorious waste. Usually we find the buildings as well kept as the condition of the appropriation will permit.

I do not know what we are going to do another year. We are up against the same proposition. The appropriation has been made for the fiscal year 1922, and unless there is a remarkable drop in the price of fuel and everything of that kind, the appropriation is not going to be sufficient. Whether the Secretary of the Treasury will say to do several things I suggested this morning, I do not know. That is for next year.

For this year we have these vouchers that are before us for payment, and, as I say, that amount of $354,768.58 is represented by vouchers for fuel, largely, and we are out now asking bids for fuel, and in many instances the bidders have refused to bid again because they have not been paid for fuel of last year; and it is a difficult matter, anyhow, to get sufficient competition, and this is the thing that is handicapping competition right now. I can not imagine what the theory of the House was in giving $350,000 to pay $650,000. It seems to me they either ought to have sent us fellows to jail and given nothing, or given us what was needed.

Senator CURTIS. It seems to me it would be economy to appropriate the money.

The CHAIRMAN. Well, you have made a case. There is no further talk necessary, I guess, to show that you are short.

Mr. WETMORE. I guess we have proved that fact.

NAVY DEPARTMENT.

BUREAU OF NAVIGATION.

STATEMENT OF REAR ADMIRAL THOMAS WASHINGTON, CHIEF OF THE BUREAU OF NAVIGATION.

The CHAIRMAN. Will you let us know, now, what it is that you feel you should have that you did not get?

Admiral WASHINGTON. Yes, sir. The appropriation recommended by the Secretary of the Navy, based on the estimate of the Bureau, as made for the additional roll of our clerks for 1922, was reduced by the House to $250,000, and in this amount it was passed. I had a hearing before the House committee.

Senator JONES of Washington. This is not a deficiency you are after. This is increasing the amount for 1922.

Admiral WASHINGTON: Yes, sir, to restore it to what it was; and I had a hearing before the chairman of the Appropriations Committee, Mr. Good, who went into it and said, in substance, that he agreed thoroughly, and that it was an error on the part of his committee, and that he had expected that the Senate committee would put it back.

Senator JONES of Washington. That does not appeal to me at all. Are there any deficiencies that you want put in this bill?

Admiral WASHINGTON. Well, Senator, that $154,000 that they took from us is the deficiency without which we can not carry on the work of the bureau.

Senator JONES of Washington. This year or next year?

Admiral WASHINGTON. Next year.

Senator JONES of Washington. But this deficiency bill covers this year, and what I am asking is, is there any deficiency for this year that ought to be taken care of?

Admiral WASHINGTON. Nothing for this year. This is for the coming year 1922.

Senator CURTIS. Without this additional appropriation that you ask for in this deficiency bill, can you carry on for a reasonable time next year, until some deficiency bill comes in, there?

Admiral WASHINGTON. No, sir.

Senator CURTIS. You can not?

Admiral WASHINGTON. No, sir.

Senator CURTIS. Why?

Admiral WASHINGTON. For the reason that I can not go on the supposition that Congress at a later time is going to give me sufficient money to complete our work; and, looking ahead, I have to start on the 1st of July with what Congress allows me, and the result will be that a very considerable part, at least one-third, of the work of my bureau must be stopped; and if once stopped, we can never catch up again, because we can never get enough clerical force to make up anything that is dropped behind in our work.

Our work consists largely in answering the requests of Congress for information as to matters concerning the Pension Bureau, the War Risk Bureau, and the many activities connected with the medical people one way or the other, and if we get behind on that we can never catch up.

Senator CURTIS. And, as I understand, if this appropriation is not given you, you will have to reduce your force on the 1st day of July,

Admiral WASHINGTON. We will reduce it by about 140 clerks, yes, sir; which is about 30 per cent, about one-third, and if that clerical force is reduced I do not see how it is possible ever to catch up. Our work is more or less of a paper character—that is, it is correspondence, documents, and generally paper work. It must be correct, or it is worse than not having it at all. If we give inaccurate information to other branches of the Government, it will cause a great deal of loss of money, probably, by improper payments and mix up their records improperly, so that rather than do the work in a half or three-quarters efficient method I propose absolutely to stop part of it, and a great part of it will be to the serious detriment of the Government's interests.

Last year, January of 1920, we had about 1,200 clerks, and we have reduced that number now to 422, and if Congress grants this $100,000 which I am asking here we will then have about 380 clerks, which will be less than one-third of what we had 18 months ago. We are trying to cut down as much as we can, and economize in every way possible, but we have reached the limit at which we can economize at the present time.

Our work does not decrease rapidly after the close of a war. For instance, at present we are answering calls and giving information as far back as the Mexican War, and occasionally something drifts in even prior to that. The Civil War we are very actively engaged in as yet; and in the case of the present war, where we have had the largest number of men we have ever had at any time before, exceeding 600,000, it will be possibly 50 years before we are through with the paper work. It will be a very long time. It is getting less, but it gets less slowly.

Then, again, we have about 260,000 to 280,000 reserves enrolled for a period of four years. The most of these men enrolled in the year 1918, between January and November. A much larger number enrolled during that period than they did from April until December of 1917. Their four-year periods of enrollment will expire next year, and they are discharged, placed on inactive duty. The confirmation, etc., of those men involves a great deal of clerical work, and there are approaching 280,000 to-day.

Senator CURTIS. Who must be taken care of?

Admiral WASHINGTON. Who must be taken care of, and we can not afford to get their records hopelessly mixed up, and that is what we will do if our clerical force is reduced to the extent contemplated by this bill. We have gone over it very carefully within the last couple of weeks to see what would have to be dropped out in case the money is not allowed, and what it is absolutely necessary for the efficiency of the Navy to carry on, and we find that it would be necessary to drop out some portions of our work which are vitally necessary for the Government's interests. They would have absolutely to stop, and if once stopped we will never be able to get them up again.

Senator PHIPPS. Is your work generally current at the present time?

Admiral WASHINGTON. Up to date, you mean? No, sir.

Senator PHIPPS. You have not been able to keep it current?

Admiral WASHINGTON. No, sir. In the discharge of reserves, for instance, I should say we are at least three months behind for the mass of them, and six months in general, and we can not catch up with it. That causes a great deal of discontent; and these reserves are scattered all over the country. We had a total of exceeding 300,000 of them, 32,000 officers and about 280,000 men. Those were in addition to the regular Navy. Our total force exceeded 600,000.

Then, again, we have the finger-print system, which saves the Government a great deal of money, not only for the Navy but substantially in all branches of the service. Where a man, for instance, deserted from one branch of the service, we catch up when he attempts to enlist in the Navy. His finger prints invariably detect him. If that matter is dropped, in all probability it will amount to more than the sum that we ask for right here.

We have about a million and a half of those finger-prints, and we are constantly apprehending deserters from the Army and Marine Corps or the Navy, saving the Government the money that they would be paid for reenlistment bounties and things of that kind, we will say, amounting in each man's case to possibly three or four hundred dollars if he gets through with it, but his finger-prints almost invariably detect him. We get a great many men for the Treasury Department and other people, and from the States, who have committed crimes and then attempt to enlist in the Navy. The finger-print is almost an invariable detection, and that work we shall have to curtail very, very much; and I think, as I say, that the amount of money we ask for here probably will be less than we will save on that one item alone.

Senator PHIPPS. With such a vast number of finger-prints, to a layman it seems almost impossible to make comparisons to detect these applicants to whom you refer.

Admiral WASHINGTON. It would look so, Senator; but they have them so arranged and codified in groups, whorls, and twists, etc., that it is a question of a very little while for an expert to go through these things and pick out any one. He will class it, and say: "That belongs to a certain group," and he goes to that group, and he draws another limitation; it is a certain section of that group; and in a few minutes he has got it right down to within a very few, and as soon as the man is confronted with his finger print I do not recall an instance where he has not pleaded guilty. It cuts the trial right off, you may say. The finger print is an indubitable proof, an absolute thing for the protection of the Government. We stop that, or reduce it, at least.

We stop our statistical department, which tells you, for instance, all the men that enlisted from your State, your county, your township, etc., whether they are white or black, and the whole history of the men. That division we stop absolutely, and if it is once stopped we will never, as I say, be able to pick it up again; and that is very important.

I think this amount that we have asked for an increase of here was approved, and in fact a larger amount was really approved, by Mr. Daniels. He asked for $150,000, but we conclude now that we can get along probably on $100,000, and then next year I hope, if we can do so, to cut that down still further; but we can not cut it down and run the bureau at the present time. The average pay of our clerks is $1,185, and we have based the estimate on that average for this number, a total of about 85. That has been approved exceeding 85 by Mr. Daniels, and for 85 by the present Secretary, Mr. Denby.

The CHAIRMAN. I think we understand what you wish about this. We will consider it.

STATEMENT OF DR. W. S. GIBSON, CHIEF CLERK, BUREAU OF MEDICINE AND SURGERY.

SALARIES, BUREAU OF MEDICINE AND SURGERY.

Dr. GIBSON. I want to say, first, that the Surgeon General had a very important engagement with Secretary Mellon this morning in connection with the hospitalization of War Risk patients, and he was on his way over to the Treasury Department when a call came for this hearing. Consequently, he will not know anything about it until I get back. I know he would have wanted to come down had he been there.

Mr. Chairman, I am down here in connection with a letter that Secretary Denby addressed to you on the 24th, and the letter is rather comprehensive. If I might be allowed to read it to the committee——

The CHAIRMAN. Do you intend leaving it with us?

Dr. GIBSON. I can leave it.

The CHAIRMAN. It will go into the record, and you can give us the main points without reading it. I understand that we have the same letter here. See if that is the same; will you, please?

Dr. GIBSON (after examining letter). Yes, sir; that is the letter.

(By direction of the subcommittee, the letter referred to was made a part of the record, as follows:)

DEPARTMENT OF THE NAVY,
BUREAU OF MEDICINE AND SURGERY,
Washington, D. C., May 24, 1921.

MY DEAR SENATOR: The deficiency bill (H. R. 6300), as reported to the House of Representatives on May 18, 1921, fails to include, under the items for the Navy Department the provision included in my supplemental estimates of April 12, 1921 (H. Doc. No. 12), increasing the appropriation for temporary employees in the Bureau of Medicine and Surgery, carried in the legislative act of March 3, 1921, from $40,000 to $75,000.

In my explanation of this requested increase, I submitted the following statement:

"The appropriation for the current fiscal year for temporary employees in the Bureau of Medicine and Surgery is $75,000, which covers 59 positions, while the appropriation for 1922 is but $40,000, which will provide for less than half that many positions.

"In a letter to the chairman of the Senate Committee on Appropriations the Secretary of the Navy, on January 17, 1921, urged that this appropriation should be increased to at least $70,000 and stated that 'the record work is at the present time not current and will get still further behind with the proposed reduction in force.'

"Calls from the Bureau of War Risk Insurance for medical history information and other data relating to the personnel of the Navy and Marine Corps are constantly increasing and will continue increasing volume during the next several years and until the war risk cases arising from the World War shall have been finally adjusted. If the work of the Bureau of Medicine and Surgery is not now current with an appropriation of $75,000, the result will be obvious with a force cut to less than half by a reduced appropriation.

"I do not believe that Congress would have deliberately reduced the force of the Bureau of Medicine and Surgery if it had had knowledge that all medical history data relative to the Navy and Marine Corps war risk cases can be supplied through no other source."

This statement was supplemented by the testimony of the Surgeon General of the Navy and the chief clerk of the Bureau of Medicine and Surgery before the Committee on Appropriations of the House of Representatives, which clearly brought out the necessity for continuing the clerical force of this bureau at its present strength if the veterans of the World War who served in the Navy and Marine Corps are to be given the prompt action on claims for disability compensation demanded by the entire public and promised by the administration.

I therefore should be remiss in my duty if I failed to again bring the matter to the attention of the Congress with request that the following provision be inserted in the deficiency bill when that measure comes before the Senate:

"The appropriation for temporary employees in the Bureau of Medicine and Surgery, carried in the legislative, executive, and judicial act for the fiscal year 1922, is hereby increased from $40,000 to $75,000."

I further request, if deemed necessary, that the representatives of the Bureau of Medicine and Surgery be allowed to appear before your committee in support of this provision.

Sincerely, yours,

EDWIN DENBY.

Hon. F. E. WARREN,
Chairman Committee on Appropriations,
United States Senate, Washington, D. C.

The CHAIRMAN. Now, will you give us just the main points there?

Dr. GIBSON. This is with regard to the legislative, executive, and judicial appropriation for next year, 1922 items.

Our appropriation for additional employees for the current year is $75,000. The legislative, executive, and judicial appropriation bill gave us for next year $40,000. The work in our bureau is not diminishing in the least. We are behind now with very important work. We have eliminated everything that we could—work of minor importance. We have tried to concentrate on the most important work, to adopt the best methods, to accomplish the most,

but we are behind now with our work with the present force. With the force more than cut in two under the appropriation for temporary employees, we will be unable to function in many respects.

During the war, at the peak of the war, we had 624,000 men in the Navy and Marine Corps—total strength, officers and men—and we are working on their medical records now. Our work to day is on the records of that large force during the war, and not so much on the records of the present strength of the Navy. We have, in addition to our current work and the usual records, information to supply to the Pension Office and to the Bureau of War Risk Insurance. All cases for adjustment of claims and for compensation in the Bureau of War Risk Insurance, based upon the physical condition of the applicant in the Navy and Marine Corps, must come to our bureau for the necessary medical history of the case; and on that work we are from two to three months behind.

The reduction in force will more than cut out of the bureau the number of clerks that are now engaged in handling health records, current and past, and the data for the Bureau of War Risk Insurance and for the Pension Bureau. This request of ours is not for a new appropriation or an enlarged appropriation, but it is a request for a continuance of the appropriation that we are now having during the ensuing year and until such time as we can get down to a normal basis.

Senator PHIPPS. What is the appropriation for the current year?

Dr. GIBSON. $75,000 for temporary employees.

Senator PHIPPS. How are you coming out on that appropriation?

Dr. GIBSON. We are coming out on that all right, sir.

Senator PHIPPS. You will have no deficit?

Dr. GIBSON. We will have no deficit. We are running at the rate of $280 less than the total amount of the appropriation. That $280 we could not utilize.

Senator JONES of Washington. But you are behind with the work?

Dr. GIBSON. But we are behind; yes, sir; from two to three months in War Risk Insurance work and more than that in some of the the other work, because on account of the nature of this War Risk work and the pressure that is brought to bear on us from every source, we have put aside other work from time to time and concentrated on War Risk Insurance work.

The CHAIRMAN. Is there anything further you want to submit?

Dr. GIBSON. No, sir. The whole statement may be summed up in the fact that if we can not keep the work going with the present force we will not be able to function with less than half that force under that appropriation.

The CHAIRMAN. The work has been greatly amplified there, has it not, by reaching out into new lines and everything of that kind?

Dr. GIBSON. Yes, sir.

The CHAIRMAN. I do not know where this sanitation and medicine is going to stop, finally, with the progress that it makes in reaching out into new lines and the exploiting further of old ones.

Dr. GIBSON. While we are trying to do something along that line in the way of preventive medicine—that is, looking ahead and anticipating where there may be an outbreak of disease because of the existence of that disease in the civil community adjacent to our stations—that does not take a great deal of our force. We have only five people engaged in that work—preventive medicine.

The CHAIRMAN. I speak not of this alone, but it comes in from every direction. It seems as if every department now was interested in the health service in some way, and asking for appropriations, and they are running up so rapidly that water running down hill is nothing compared to it.

Dr. GIBSON. You see, we are about to take 3,000 War Risk patients into our naval hospitals. That is going to increase our work considerably. We have got to keep records of all of those.

Senator CURTIS. Is not that paid for out of the appropriation we have made for the War Risk Bureau?

Dr. GIBSON. That is paid for; the War Risk people will pay us for the cost of the subsistence in the hospital.

Senator CURTIS. Do they not pay you for the other expenses, for keeping the records?

Dr. GIBSON. They pay us nothing for what we have to do in Washington here. If we have 500 patients in the Boston Naval Hospital, as we will have in a few days, they will pay us for the subsistence and care of those patients in the Boston hospital.

The CHAIRMAN. Would that be exclusively those who served in the Navy and Marine Corps?

Dr. GIBSON. No, sir.

Senator CURTIS. These are war-risk patients.

The CHAIRMAN. I understand.

Dr. GIBSON. But you mean to segregate the Army and Navy cases, and give us Navy cases, and give the War cases to some other place?

The CHAIRMAN. Yes.

Dr. GIBSON. No, sir; they are not adopting that plan. We take just what they send us.

The CHAIRMAN. I know; but in that case it seems to me that these records, etc., should belong to the Health Service rather than within the naval health service. You are taking care, of course, of your forces; but in the case of these people who go into these hospitals, and very soon they go out into private life, or back where they came from, it does not seem to me that you ought to be encumbering the records of the Navy very much with them.

Dr. GIBSON. The Senator asked me if they did not bear the expense of carrying on that work, and I said they bear no expense connected with that work in Washington. They would reimburse us for the expenses that should be incurred for subsistence and for upkeep at the Chelsea Hospital, but nothing further than that.

The CHAIRMAN. Nothing for the overhead?

Dr. GIBSON. No, sir.

(Thereupon the hearings were closed, and the subcommittee went into executive session, after which it adjourned.)

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